



Government of
Saskatchewan

Annual Report 2003-04

Saskatchewan
Liquor and Gaming Authority



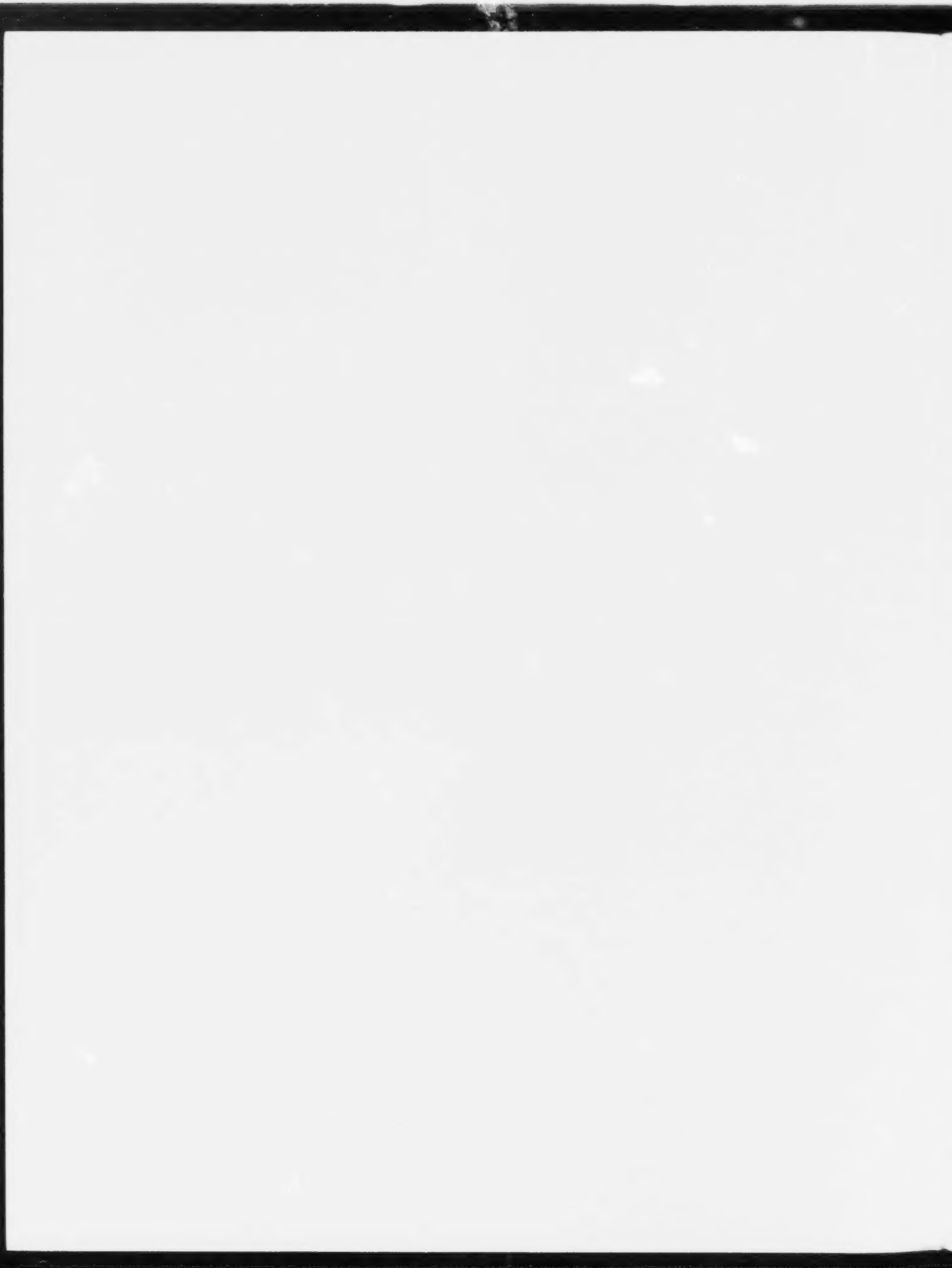


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This annual report is also available online at www.slga.gov.sk.ca.

Letters of Transmittal

Regina, Saskatchewan
July 2004



The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of Saskatchewan

Your Honour:

I am pleased to submit the Annual Report of the Saskatchewan Liquor and Gaming Authority for the period ending March 31, 2004. This report includes the financial statements in the form required by Treasury Board and in accordance with *The Alcohol and Gaming Regulation Act, 1997*.



Eric Cline, Q.C.
Minister Responsible for the Saskatchewan Liquor and Gaming Authority

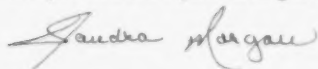


Honourable Eric Cline, Q.C.
Minister Responsible for the Saskatchewan Liquor and Gaming Authority

Honourable Eric Cline:

I have the honour of submitting the 2003-04 Annual Report of the Saskatchewan Liquor and Gaming Authority for the fiscal year ending March 31, 2004.

For the first time, SLGA is formally providing its performance and financial results. These results are compared against the 2003-04 plan that was provided in last year's report. The reporting of these actual year end outcomes will ensure SLGA's overall accountability. SLGA's results demonstrate its ongoing commitment to providing leadership and vision in the management of the province's liquor and gaming industries.



Sandra Morgan
President & CEO
Saskatchewan Liquor and Gaming Authority

Who We Are

105-00352/

The Saskatchewan Liquor and Gaming Authority (SLGA) is a Treasury Board Crown Corporation responsible for the distribution, control and regulation of liquor and gaming across the province. SLGA achieves this through socially responsible, fair and cost-effective services and programs delivered by employees at offices in Regina and Saskatoon, a liquor distribution centre in Regina and a network of 81 liquor stores throughout the province.

As of March 31, 2004, SLGA employed approximately 890 staff in 64 communities throughout the province, the majority of which work part-time. Approximately 90 per cent of employees are members of the Saskatchewan Government and General Employees' Union (SGEU) Local 6080.

SLGA owns and operates all video lottery terminals and owns and manages the slot machines at the province's four First Nations casinos. SLGA also licenses and regulates most forms of gaming including bingo, raffles, casinos, breakopen tickets and horse racing.

SLGA operates under *The Alcohol and Gaming Regulation Act, 1997* and works in partnership with a broad range of stakeholders and clients, including: the SGEU; the Federation of Saskatchewan Indian Nations; the Saskatchewan Indian Gaming Authority; Indigenous Gaming Regulators; Western Canada Lottery Corporation; the Canadian Restaurant and Foodservices Association; the Hotels Association of Saskatchewan; the Saskatchewan Liquor Vendors Association; liquor-licensed establishments; non-profit clubs; charity associations/individual charities; Western Gaming Systems; the First Nations University of Canada; the Brewers Association of Canada; and, the Association of Canadian Distillers. (Please see Appendix B for an overview of SLGA's stakeholders and partners).

SLGA is organized into six divisions:

- The Retail Operations Division is responsible for the purchasing, distribution, warehousing and retailing of beverage alcohol in Saskatchewan. The Division oversees Saskatchewan's liquor stores and franchises.
- The Regulatory Compliance Division is responsible for the licensing, inspection and monitoring of liquor and gaming activities in the province. The Division is also responsible for horse racing and provides a range of community information and education seminars.
- The Gaming Operations Division is responsible for the planning, implementation and management of the VLT program, breakopen vending machine program and the slot machines in First Nations casinos along with the implementation of the operational agreements relating to the province's First Nations casinos.
- The Corporate Services Division provides financial, administrative, procurement, information systems, property management and audit support services to the organization.
- The Human Relations Division provides organizational development, communications and human resource services to the organization.
- The Policy and Planning Division is responsible for corporate planning, performance measurement, performance reporting, policy development and analysis, research and evaluation and legislative services for the organization. The Division also plays a central role in the ongoing implementation of the Gaming Framework Agreement.

Overview

The Provincial Beverage Alcohol Sector

Saskatchewan's model for beverage alcohol distribution combines a public model of liquor distribution with private franchises and off-sale outlets. SLGA operates 81 liquor stores in 64 communities throughout the province. In addition, SLGA grants 189 small businesses in rural Saskatchewan a franchise to sell beverage alcohol on its behalf. This partnership with provincial franchises serves a critical role in ensuring that all Saskatchewan residents have equal and fair access to liquor products and services. There are also 485 off-sale outlets across the province licensed to sell a full range of beverage alcohol products.

In 2003-04, SLGA listed more than 2,150 products, which includes general listings, specialty listings (with an emphasis on fine wine) and domestic and imported beer. General listings remained relatively stable at 1,076. The specialty listing base, however, rose to 778 from 755 in 2002-03. SLGA is also committed to ensuring customer needs are met by offering a special order service for customers who want products not currently listed by SLGA. SLGA continues to place a greater emphasis on procuring limited allocation premium wines from around the world to meet the growing requests of Saskatchewan consumers. Domestic and imported beer listings remained relatively constant at approximately 330.

SLGA's distribution centre, located in Regina, processed 13,985 orders in 2003-04 at an average of 133 cases of product per order for stores and 24 cases per order for franchises. This represents an annual flow of approximately 1.25 million cases of beverage alcohol that are received, stored and ultimately shipped across the province.

SLGA also manages the administration of special occasion permits for the province. Special occasion permits are required for anyone serving alcohol at special events such as weddings, cabarets and fundraisers. There were 17,751 permits issued in 2003-04, a decrease of 1.7 per cent from the previous year.

As a regulatory body for liquor-licensed premises, SLGA ensures that the more than 1,700 licensed premises in the province are complying with the rules and regulations set out in *The Alcohol and Gaming Regulation Act, 1997*. SLGA also follows up on any complaints regarding licensed outlets.

The Provincial Gaming Sector

Casino Operations in Saskatchewan

SLGA regulates all seven of the province's full-time casinos: Saskatoon's Emerald Casino, operated by Saskatoon Prairieland Park Corporation, as well as two government-run casinos and four First Nations casinos.

Casinos Regina and Moose Jaw are operated by the Saskatchewan Gaming Corporation (SGC), a Treasury Board Crown Corporation. Casino Regina opened in January 1996; Casino Moose Jaw opened in September 2002. As of March 31, 2004, Casinos Regina and Moose Jaw employed 767 staff, 51 per cent of whom are of Aboriginal heritage.

Revenues from SGC casinos are split, with 50 per cent of revenues retained by the provincial government's General Revenue Fund (GRF), 25 per cent provided to the First Nations Trust (FNT) and 25 per cent provided to the Community Initiatives Fund (CIF).

The GRF helps fund essential programs and services in areas such as highways, health care and education. The FNT supports economic development, social development, justice, health, education, culture and other First Nations initiatives. Saskatchewan Government Relations and Aboriginal Affairs is responsible for the Trust which is administered by a Board of Trustees. The CIF distributes casino profits to exhibition associations and to community groups that provide programs and services for vulnerable children, youth and families. The fund is administered by Saskatchewan Culture, Youth and Recreation.

Profit figures for SGC casinos are outlined in SGC's annual report.

First Nations gaming in Saskatchewan is conducted through an agreement between the Province and the Federation of Saskatchewan Indian Nations (FSIN). The FSIN created the Saskatchewan Indian Gaming Authority (SIGA) to operate the casinos:

- **Gold Eagle Casino** - opened February 1996 in North Battleford
- **Northern Lights Casino** - opened March 1996 in Prince Albert
- **Bear Claw Casino** - opened November 1996 on the White Bear First Nation
- **Painted Hand Casino** - opened December 1996 in Yorkton

As of March 31, 2004, SIGA casinos employed 1,127 people, 72 per cent of whom are of Aboriginal heritage.

SIGA revenues are split, with 37.5 per cent of net profits provided to the provincial government's General Revenue Fund and 37.5 per cent provided to the First Nations Trust. Because all four SIGA casinos are located on-reserve, the remaining 25 per cent of net revenue is directed to Community Development Corporations (CDCs). CDCs fund economic development, social development, justice, education, recreation, culture, health and other related initiatives among First Nations and non-First Nations organizations in and around the communities where these casinos are located. CDCs are run by boards in each of these four communities.

In 2003-04, SIGA reported a net profit of \$33.2 million, the highest net profit reported for SIGA.

Under the Gaming Framework Agreement

between the province and the FSIN, payments are made to the First Nations Addictions Rehabilitation Foundation (\$1.5 million) and the FSIN (\$250,000) to support its efforts to prepare proposals for on-reserve gaming jurisdiction. These payments are made prior to the profit distribution described above.

Video Lottery Terminals (VLTs)

The overall number of VLTs in Saskatchewan remains capped at 4,000 machines. SLGA contracts with the Western Canada Lottery Corporation (WCLC) to operate and maintain the VLTs. SLGA also pays a commission to liquor-licensed establishments which host the VLT machines. As of March 31, 2004, there were 3,995 VLTs in 691 sites, located in 326 communities across the province.

Charitable Gaming

SLGA regulates bingos, breakopen tickets and raffles through the licensing, monitoring and auditing of charitable organizations. All money raised through these activities is returned to charitable organizations.

Horse Racing

The Province provides grants to track operators to help maintain the horse racing industry. Under the grant system, all of the provincial pari-mutuel tax collected on wagering is returned in the form of grants for stake races, purse support and other programs. Total grant expenditures paid to the horse racing industry in 2003-04 were \$1.45 million. In 2003-04, four tracks received support from the province for horse racing: Saskatoon Prairieland Park Corporation (Marquis Downs), the Yorkton Exhibition Association, Melville and District Agri-Park Association and Kinsmen Rock'n the Valley in Craven.

Results At A Glance

Below is a summary of SLGA's key performance outcomes for the 2003-04 fiscal year. More detailed information on each of these performance results is provided in the section "2003-04 Performance Results" and in SLGA's audited financial statements.

Goal 1: Customer Perspective: Meet the expectations of our customers by having the right products and services, delivered by friendly, courteous and knowledgeable staff.

- Maintained a high level of customer satisfaction among retail customers;
- Conducted a liquor and charitable gaming licensing customer satisfaction survey that indicated customer satisfaction of 84.1 per cent and 77.6 per cent respectively;
- Continued to deliver and implement a customer service and product knowledge training program;
- Opened new liquor stores in Yorkton and Gravelbourg and increased the available retail space in the Watrous, Tisdale, Fort Qu'Appelle and Creighton stores;
- Completed the process of replacing the province's VLT network (4,000 machines) and its central computer system including equipping the new VLTs with responsible gaming software;
- Added 375 new slot machines in SIGA casinos in accordance with the terms of the Gaming Framework Agreement;
- Implemented a new online charitable gaming licensing system;
- Installed coolers in 20 SLGA stores for the sale of chilled premium and specialty beers; and,
- Provided commercial permittees and franchises with the option of using credit cards to make purchases at SLGA stores.

Goal 2: Public Policy Perspective: Develop and administer fair public policy, which monitors and regulates liquor and gaming activities, provides for a distribution of revenue among provincial stakeholders and promotes integrity and social responsibility in the industry.

- Continued SLGA's focus on monitoring SIGA's compliance with directives set out by SLGA and the Provincial Auditor recommendations, including supporting SIGA in the development of a comprehensive business plan;
- Continued to implement improvements to the province's regulatory compliance system for the liquor and gaming industries, including maintaining a 95 per cent compliance rate in the liquor sector and establishing gaming integrity standards for electronic gaming, breakopen gaming and dice games;
- Proposed amendments to *The Alcohol and Gaming Regulation Act, 1997* to authorize the Liquor and Gaming Licensing Commission to hear appeals from First Nations gaming licensing authorities, including Indigenous Gaming Regulators. The amendments were passed by the Legislative Assembly and will be proclaimed into law at a future date;
- Provided 207 educational workshops to help clients and stakeholders understand and comply with liquor and gaming standards;
- Provided third party grants to the Saskatchewan Responsible Gaming Association and mobile crisis organizations in Regina, Saskatoon and Prince Albert and supported other initiatives designed to provide education and awareness about the socially responsible use of liquor and gaming products and services; and,
- Reviewed the first year impact of a two-year pilot project banning the sale of beer in glass containers in the northern community of La Loche.

Goal 3: Our People Perspective: Provide a positive and safe environment for our employees that values the differences in others and encourages continuous learning, mutual respect and self-responsibility.

- Maintained a positive relationship with SGEU by continuing to use a co-operative and collaborative approach to labour relations;
- Worked with SGEU to jointly complete development of a new classification plan for in-scope employees, a new part-time staffing

- policy and a new Temporary Assignment of Higher Duties (TAHD) policy for stores;
- Continued to provide training opportunities to all employees;
 - Continued to implement the Corporate Employment Equity Plan, including specific actions surrounding recruitment and hiring strategies;
 - Continued to improve diversity outcomes in all equity groups; and,
 - Enhanced SLGA's website by adding additional corporate information and making licensing services available online.

Goal 4: Internal Perspective: Continually improve our business processes through enhanced productivity, improved internal management systems and through the creativity of all employees.

- Implemented a charitable gaming, licensing system and completed the initial design phase for an online liquor licensing system which will allow consumers to apply for commercial liquor permits online;
- Refined and upgraded the supply chain and developed a replacement point-of-sale and reporting system for liquor distribution and sales. Rollout of the point-of-sale system is expected to occur in 2004-05;
- Worked with SIGA as it reduced its slot costs as a percentage of slot net revenue to 57.2 per cent from 59.4 per cent in 2002-03; and,
- Developed a Business Continuity Planning process for SLGA.

Goal 5: Financial Perspective: Be fiscally responsible and accountable in support of provincial financial objectives.

- Increased net income to \$359.1 million, a 10.4 per cent increase from 2002-03. SLGA's net income is transferred to the province's General Revenue Fund (GRF);

- Refined the planning and budgeting processes (to ensure consistency between budget proposals and SLGA's approved corporate direction); and,
- Developed a Management Reporting Process to improve internal accountability for performance results.

Summary of Financial Results

SLGA's 2003-04 financial plan built on the strategic direction set out in SLGA's Balanced Scorecard. The financial plan is intended to support SLGA in achieving the goals and objectives set out in its Strategic Plan. SLGA's net income is transferred annually to the GRF.

This annual transfer to the GRF represents a significant contribution to meeting a wide range of broader provincial economic and social objectives. SLGA's 2003-04 net income was \$359.1 million, a 10.4 per cent increase from \$325.2 million in 2002-03. SLGA's net income consists primarily of provincial VLT revenue, SIGA net income and profits from the retail liquor sector. Net income increased significantly from the previous year due to increased net income in all segments of SLGA's operations.

Net income for 2003-04 was \$359.1 million, also up from a budgeted net income of \$346.0 million. The increase is due to higher revenues than originally anticipated and lower than budgeted operating costs. Increased revenues were primarily due to greater than anticipated liquor revenues due to a hot summer and a beer price increase initiated by the breweries in the spring of 2003. Expenditures were lower than budgeted in 2003-04 largely due to an expenditure restraint initiative undertaken by SLGA and amortization savings as a result of the timing of SLGA investments in VLTs, buildings and its information technology infrastructure.

2003-04 Performance Results

The 2003-04 Performance Results illustrate SLGA's progress in achieving its goals and objectives as outlined in its 2003-04 Performance Plan. The key actions originally presented in SLGA's 2003-04 plan are listed below, followed by a report on actual progress. Actual results are included for all key actions and performance measures that were published in SLGA's 2003-04 performance plan. More detailed information on SLGA's 2003-04 performance measures and plan is available in SLGA's 2002-03 annual report accessible online at www.slga.gov.sk.ca.

Goal 1: Customer Service

Meet the expectations of our customers by having the right products and services, delivered by friendly, courteous and knowledgeable staff.

Objective 1: Customer Satisfaction

Achieve and maintain a high level of customer satisfaction among customers. Customer satisfaction is an important indicator of the quality of SLGA's programs and services and how they are perceived by the public and stakeholders. SLGA has defined a range of key actions and initiatives that support this focus on improving customer service. As a customer-oriented business, SLGA's strategic plan has dedicated considerable resources to continually improving customer service.

In 2003-04, SLGA continued to work on identifying what was most important to customers in order to continue to offer quality programs and services. Based on the retail customer survey conducted late in 2002-03 and evaluated in fiscal 2003-04, Retail Operations has continued to focus on priority customer concerns such as knowledgeable, helpful staff and store cleanliness. SLGA also conducted a survey to determine the overall levels of satisfaction among its charitable gaming and liquor licensing customers. Continued improvements to online services, streamlining of application processes and stakeholder

consultations are expected to assist SLGA in continuing to improve service to its licensing customers.

Key Results:

Evaluate the retail liquor customer survey to determine future customer service improvement initiatives. The survey will identify the overall level of customer satisfaction with SLGA and evaluate specific customer satisfaction with services and products offered by SLGA. [2003-04 planned result]

- A retail customer survey was conducted in February 2003 and evaluated early in 2003-04. The survey indicated that 92 per cent of respondents were satisfied with the customer service at liquor stores and 97 per cent of respondents stated that the overall quality of service provided by liquor stores either met or exceeded their expectations. The survey did not identify any areas where there were serious concerns with respect to customer service not being satisfactory; however, SLGA will continue to focus on areas identified as important, such as store cleanliness, friendly and courteous staff and ensuring that retail employees are knowledgeable and helpful. The retail customer satisfaction survey will be administered again during the 2004-05 fiscal year.

Develop and administer a licensing customer survey to measure performance and obtain feedback for future customer service improvement initiatives. [2003-04 planned result]

- A survey of Regulatory Compliance external customers was developed and conducted in July 2003. The survey was administered to a random sample of 890 customers and is considered accurate to within plus or minus 3.3 per cent at a 95 per cent confidence level. Based on feedback, SLGA continued to focus on establishing gaming integrity standards and educational opportunities. Customer feedback was also incorporated into the planning and information technology activity within SLGA.

Continue to deliver and implement a product knowledge training program. [2003-04 planned result]

- In 2003-04, eight Customer Service Through Product Knowledge training sessions were held with a total of 96 retail store staff participating. As of March 31, 2004, 85 per cent of active full and part-time store staff had taken this training. This training will continue in 2004-05 with the goal of achieving and maintaining a target of 95 per cent of currently employed full and part-time retail staff having completed this training.

Develop a website to provide information and services to the public. In 2003-04, SLGA intends to expand the functionality of its website with respect to SLGA's mandate and role for licensing and regulating charitable gaming. In 2003-04 this would include the development of online licensing forms, applications and regulations to improve and streamline access for SLGA clients and stakeholders. [2003-04 planned result]

- In 2003-04, SLGA enhanced its website to provide information about SLGA's products and services. Previously, information was largely focused on liquor suppliers through SLGA's LION and PRISM systems. The enhanced site provides a broad range of general corporate information and also provides online access for SLGA's charitable gaming customers. Forms, including licence applications, are now also available via the website. Further licensing and registration systems will be added to the website through 2004-05, allowing the public to apply, monitor and conduct business with SLGA online.

Upgrade and rollout internal management information systems to provide more information and access to online services for customers. [2003-04 planned result]

- Internet. In 2003-04, SLGA enhanced its website to provide information about SLGA's products and services. The enhanced site

provides a broad range of general corporate information and also provides online access for SLGA's charitable gaming customers. Forms, including licence applications, are now also available via the website.

- Point-of-Sale Systems (POS). In 2003-04, significant progress was made in acquiring and implementing new POS software and hardware to replace aging technology in all liquor stores. In conjunction with this liquor store system replacement, changes are also required to the head office component of the consolidated retail and financial reporting systems. Rollout of the POS system will occur in 2004-05.
- Online Charitable Gaming Licensing. SLGA has implemented a charitable gaming licensing system that allows charitable gaming customers to apply for and receive approval for numerous gaming activities via the internet. Charitable gaming includes raffles, bingo and breakopen tickets. Significant business process changes related to the development and implementation of the system will help facilitate improved customer service.

Additional Action - Not identified in 2003-04:

In addition to the progress made on planned actions, SLGA conducted an extensive stakeholder consultation in 2003-04 regarding Special Occasion Permits (SOP). The intent of this initiative was to identify opportunities to improve consistency and accuracy in the SOP issuance process. This review included a survey as well as regional meetings with various stakeholder groups. Stakeholder feedback was incorporated into the planning and information technology activity within SLGA.

Measurement Results:

Customer satisfaction measure - Retail Customers

In the spring of 2003, SLGA administered a satisfaction survey pertaining to SLGA's retail

liquor stores.¹ Surveys can help SLGA develop strategies to improve customer satisfaction. Overall satisfaction ratings for SLGA's retail liquor customers were very strong.

Actual Results:

In 2002-03, when the survey was first conducted, 92 per cent of respondents were satisfied with customer service at liquor stores,² and 97 per cent said the overall quality of service provided by liquor stores either met or exceeded their expectations.³ The survey will be conducted again in 2004-05.

Customer satisfaction measure - Licensing Customers

Actual Results:

SLGA also conducted a charitable gaming and liquor licensing customer survey in 2003-04. This was the first comprehensive licensing survey conducted and will establish a benchmark for follow-up surveys.

Overall, 77.6 per cent of charitable gaming customers were satisfied (40.6 per cent) or very satisfied (37.0 per cent) with the service currently provided. In addition, staff were seen to be highly helpful in answering questions and resolving concerns, rating 4.25 out of a possible 5.0 points. Consumers identified "the promotion of integrity in the Charitable Gaming industry" as the most important factor in the management of the gaming industry in this province.

On the Liquor Licensing side, customer satisfaction was also very high, with 84.1 per cent reporting that they were either satisfied (41.3 per cent) or very satisfied (42.8 per cent) with service levels. Once again staff was viewed as highly helpful in resolving questions or concerns. Respondents were also quite pleased with

seminars and public education opportunities rating an average 4.22 out of a possible 5.0 points.

The highest importance rating (4.47 out of a possible 5.0) in the Liquor Licensing portion of the survey appeared in the area of "consistent enforcement of rules and policies."

Per cent of retail staff trained in customer service/product knowledge

This training is intended to enhance overall customer service through the provision of product knowledge and customer service training to eligible part-time and full-time retail employees. The training responds to a higher level of consumer demand for product information.

Actual Results:

As of March 31, 2004, 85 per cent of all eligible retail store staff had completed the Customer Service Through Product Knowledge training program, compared to 77 per cent in 2002-03.

Objective 2: Customer Focused Infrastructure

Distribute liquor and gaming products through a contemporary infrastructure that balances customer expectations with fiscal responsibility.

SLGA's business, and the quality of its services, are dependent on a range of components, including the infrastructure used to house and deliver its products and services. This infrastructure can range from retail liquor stores, to VLT and slot machines, to the warehouse inventory management system and point-of-sale system. The extent to which SLGA's infrastructure is maintained, replaced or upgraded has significant implications for how the corporation meets specific needs, including a desire to enhance customer service and to respond to changing market demands.

¹ This survey was administered to a random sample of 1,500 Saskatchewan residents. The survey is considered accurate to within + or - 2.5 per cent at a 95 per cent confidence level.

² Rated on a scale of 1 to 7 (with 7 being very satisfied, and 1 being not at all satisfied), 43 per cent responded 7; 28 per cent 6; 21 per cent 5; with 8 per cent responded at 4 or lower.

³ Fifteen per cent of survey respondents said that the overall quality of service at liquor stores exceeded their expectations; 82 per cent said the quality of service met their expectations; and three per cent said that service quality fell short of their expectations.

In 2003-04, SLGA completed infrastructure upgrades in both the liquor and gaming sectors. New stores in two communities, beer coolers in 20 stores, as well as expansion of retail space in existing liquor stores are capital investments that will be offset by increased sales in these establishments over time. The completed replacement of the VLT network and central computer system, as well as the installation of additional slot machines in SIGA casinos, are also examples of renewed infrastructure that will be paid for by future earnings.

Key Results:

Implement a capital plan, including relocation projects, as well as significant upgrades and renovations to selected retail liquor stores. [2003-04 planned result]

- In 2003-04, the following capital projects were completed: new liquor stores in Yorkton and Gravelbourg and renovations to increase retail space in Watrous, Tisdale, Fort Qu'Appelle and Creighton.

Complete the replacement of the province's VLTs and the central computer system, which are approximately 10 years old. While vendor delays for the new operating system affected SLGA's initial expectations for how many machines could be replaced in 2002-03, the process of upgrading the entire network is expected to be completed in June 2003. [2003-04 planned result]

- In 2003-04, the Gaming Operations Division completed the process of replacing the province's VLT network. The process was completed in June and resulted in the replacement of the remaining 2,063 machines. The first 1,937 machines were replaced in 2002-03. The new machines are equipped with bill acceptors as well as responsible gaming software.

Under the terms of the Gaming Framework Agreement, implement a plan to add 375 new slot machines and replace 155 aging machines in SIGA casinos through 2003-04. [2003-04 planned result]

- The 375 new slot machines were installed prior to the end of 2003-04. The replacement of 155 machines, which was delayed due to the length of the machine selection process, should be completed by August 2004.

Continue to conduct market research to identify potential improvements, enhancements and/or efficiencies to the beverage alcohol distribution system. [2003-04 planned result]

- In 2003-04, SLGA reviewed the success of Sunday and holiday opening at select stores and revised the hours of operation to ensure they were cost-effective. In addition, coolers were installed in 20 SLGA stores for the sale of chilled premium and specialty beers. Effective September 22, 2003, commercial permittees and franchises were given the option of using credit cards to make purchases at SLGA stores, improving cash flow for these operations and allowing businesses to capitalize on reward programs offered by credit card companies. These changes to the liquor distribution system help to improve both overall customer service and product selection in the province, and represent important changes to SLGA's liquor distribution infrastructure.

Measurement Results:

Number of stores renovated/relocated

Making structural investments to SLGA's retail liquor stores is a key component to improving customer service and meeting customer expectations. While a sustainable infrastructure helps meet the needs of SLGA's retail liquor operations, SLGA must also balance the desire to improve its infrastructure with financial considerations. SLGA's capital plan envisions a measured approach to infrastructure renewal, which provides for some improvements but which also ensures that infrastructure investments are aligned with fiscal constraints.

Actual Results:

In 2003-04, the following capital projects were completed: new liquor stores in Yorkton and Gravelbourg and renovations to increase retail

space in Watrous, Tisdale, Fort Qu'Appelle and Creighton.

Number of VLTs replaced

SLGA implemented a process to replace the province's VLT network and central computer system, which were approximately 10 years old. This process is intended to renew the province's gaming infrastructure, enhance customer service,

strengthen compliance and enhance social responsibility through the addition of features designed to help address problem gambling.

Actual Results:

As of March 31, 2004, SLGA replaced all of the 4,000 VLTs (1,937 were replaced in 2002-03 and the remaining 2,063 were replaced in 2003-04).

Goal 2: Public Policy

Develop and administer fair public policy, which monitors and regulates liquor and gaming activities, provides for a distribution of revenue among provincial stakeholders and promotes integrity and social responsibility.

Objective 1: Monitoring and Regulating

Promote integrity, responsibility and fairness in the liquor and gaming industry.

A key part of SLGA's role focuses on developing, administering and enforcing the laws and regulations pertaining to the province's liquor and gaming sectors, including ensuring compliance with *The Alcohol and Gaming Regulation Act, 1997*. SLGA works in conjunction with law enforcement and other agencies in order to ensure greater effectiveness and efficiency in monitoring both liquor and gaming activities throughout the province. SLGA also conducts comprehensive site inspections and investigates complaints. In addition to these roles, SLGA plays an important role in ensuring the legislative, regulatory and financial framework for liquor and gaming addresses emerging challenges. All of these functions are designed to ensure the integrity of liquor and gaming in the province within a legal framework that is both fair and responsible.

In 2003-04, SLGA continued its focus on improving the integrity of the liquor and gaming sectors. SLGA worked with the Saskatchewan Indian Gaming Authority (SIGA) to improve its performance relative to the November 2000 sustained progress benchmarks. SLGA approved strategic and business plans as well as more than 100 policies developed by SIGA with respect to human resources, marketing, finance and ancillary operations. In addition, SLGA established gaming integrity standards and liquor and gaming sector operational policy manuals were reviewed and updated to improve consistency in application of policies.

Key Results:

Continue SLGA's focus on monitoring SIGA's compliance with directives set out by SLGA. [2003-04 planned result]

- Every six months, SLGA issues a report to SIGA's management and board outlining the status of SIGA's progress on sustained progress benchmarks. SIGA continued to improve on the timeliness and content of financial information provided to SIGA's management and board as well as to SLGA. During the year, SIGA completed a strategic plan and business plan that were approved by both SIGA's Board and SLGA. Also during that time period, SIGA developed and approved more than 100 policies relating to human resources, marketing, finance and ancillary operations. These policies have also been approved by SLGA.

Support SIGA in developing a comprehensive business plan and in responding to the Provincial Auditor's recommendations surrounding SIGA's planning and accountability. [2003-04 planned result]

- During 2003-04, SIGA completed a strategic plan and business plan that were approved by both SIGA's Board and SLGA. Alignment of the strategic plan, business plan and the annual budgeting process will strengthen SLGA's financial management. SLGA will continue to work closely with SIGA in the ongoing development and refinement of its strategic and business plans. SLGA continues to regularly attend SIGA Board meetings, where one of the discussion items is progress toward meeting the Provincial Auditor's recommendations and sustained progress benchmarks.

Continue to implement improvements to the province's system for regulatory compliance in the liquor and gaming industries. In 2003-04, this work will focus on the registration of gaming employees and suppliers of gaming and non-gaming goods and services, as well as on the further

development of gaming integrity standards.
[2003-04 planned result]

- During 2003-04, SLGA's Compliance Branch continued to evaluate its processes for liquor and gaming and build on its proactive model. Compliance Branch focused on the evaluation of policies required to ensure casino gaming complies with SLGA's legislative mandate. Gaming integrity standards for electronic gaming, breakopen gaming and dice games were approved as a standard for the province. The assessment of criteria for the registration of suppliers of non-gaming goods and services will be completed in 2004-05.
- Within the Regulatory Compliance Division, policy documentation was also reviewed in both the liquor and charitable gaming areas.

Amend *The Alcohol and Gaming Regulation Act, 1997* and licensing terms and conditions to ensure increased liquor and gaming compliance standards. [2003-04 planned result]

- In 2003-04, SLGA brought forward amendments to *The Alcohol and Gaming Regulation Act, 1997* that, among other things, formalized SLGA's policies around the legality of home beer and wine making kits and issuing liquor licences to certain types of public vehicles, such as buses and limousines. The amendments were deferred to the Fall 2004 legislative session.
- In addition, SLGA has engaged in discussions with the Saskatchewan Gaming Corporation respecting *The Saskatchewan Gaming Corporation Casino Regulations, 2002*. SLGA continues to review the regulations to see if unnecessary requirements are placed on the casinos and that the intent of the regulations is clear and meets the purposes for which they are intended. SLGA expects to bring forward amendments to the regulations. A similar review is ongoing with respect to SLGA's Terms

and Conditions and Terms and Conditions for exhibition association casinos.

Enhance the educational component of regulation and compliance by increasing the number of general public education meetings, community event workshops, liaison meetings with other regulators and by providing training for commercial permittees, charitable gaming operators, special occasion permittees and SLGA staff. [2003-04 planned result]

- During 2003-04, the Community Liaison Branch was actively involved in planning activities for a number of major community events. As a result, client contacts increased from 1,437 in 2002-03 to 1,730 during 2003-04.

Measurement Results:

Compliance rates for liquor activity⁴

SLGA will report a compliance rate for gaming activity in its 2004-05 plan.

Actual Results:

SLGA, in conjunction with police forces, conducts inspections of liquor-permitted establishments and events to ensure rules and regulations (regarding minors, overserving, etc.) are being followed. In 2003-04, the compliance rate in the liquor sector was 95 per cent. This compares to a compliance rate of 92 per cent in 2002-03. The compliance rate is 99 per cent if you count only those sanctions that resulted in a fine or a suspension as opposed to letters of warning. These percentages are based on a total number of liquor inspections and investigations of 3,312 in 2003-04.

Total number of compliance contacts with stakeholders

Actual Results:

In 2003-04, there were 11,270 contacts with the public and stakeholders across the liquor and gaming industry. These contacts include telephone calls, letters and other forms of communication. The decline from 12,334 contacts last year reflects

⁴This measure is calculated by taking the total number of sanctions for liquor and dividing it by the total number of inspections and investigations.

fewer complaints and more in-depth project-based inspections. In 2001-02, SLGA had 9,546 contacts with the public and stakeholders regarding liquor and gaming compliance issues.

Number of inspections

Actual Results:

In 2003-04, SLGA's Compliance Branch conducted 4,300 inspections in the liquor and gaming industry. In 2002-03, liquor inspections focused primarily on compliance with legislative standards regarding the measurement of alcohol used by permitted outlets. This focus on one issue resulted in a higher total number of inspections (4,939) relative to other years. By comparison, in 2003-04, inspections were more in-depth and concentrated more on operational controls, resulting in a lower overall number of inspections.

Number of investigations⁵

Actual Results:

In 2003-04, there were 3,093 liquor and gaming investigations conducted. The reduction from 3,324 investigations the previous year can be attributed to: the redirection of resources to monitor the VLT replacement program which included overseeing the destruction of old machines; an increase in the number of substantive gaming supplier due diligence investigations; more in-depth gaming reviews; and, project-based alcohol compliance reviews.

Number of audits/reviews

Actual Results:

In 2003-04, SLGA conducted 145 audits and reviews of liquor stores, casinos and charitable gaming activities. This compares to 132 audits and reviews in 2002-03 and 146 in 2001-02.

Number of registrations

Actual Results:

In 2003-04, there were 2,550 registered gaming employees in seven casinos and charitable

gaming operations and 86 registered suppliers of gaming and non-gaming goods and services. These numbers are similar to the 2,553 registered employees and 90 registered suppliers in 2002-03 and 2,451 registered employees and 75 registered suppliers in 2001-02.

Number of consultations regarding compliance issues

Actual Results:

In 2003-04, there were 3,028 consultations with the liquor and gaming industry including: 1,786 with liquor permittees; 680 with casinos; 256 with bingo halls; 157 with special occasion permittees; 63 with VLT operators; and, 86 in other charitable gaming such as breakopen tickets, raffles and horse racing. The decrease from 3,439 consultations in 2002-03 is largely due to a decline in liquor permittee and bingo hall consultations.

Total number of sanctions (Liquor)

Actual Results:

In 2003-04, there were 180 sanctions of liquor establishments of which 152 were letters of warning and 28 resulted in a fine or suspension. This compares to 292 sanctions in 2002-03, of which 240 were letters of warning and 25 sanctions resulted in a fine or suspension. Last year's higher number of letters of warning reflected the monitoring of measurement standards in liquor permitted outlets.

Number of educational workshops

Actual Results:

In 2003-04, SLGA provided 157 educational workshops through the Community Liaison Branch including four presentations, 19 consultations, 96 meetings, three community meetings, 32 community workshops and meetings and three training workshops. The Charitable Gaming Branch provided an additional 50 educational meetings, workshops and training sessions, for a total of 207 events. The total

⁵ Investigations are conducted in response to a complaint or as follow up on an infraction found as a result of an inspection. Inspections are done as part of a routine cycle of compliance activity.

number of events is unchanged from 2002-03. In 2001-02 there were 214 educational events.

Objective 2: Revenue Distribution

Distribute liquor and gaming revenues among provincial stakeholders in support of broader provincial objectives.

SLGA plays a significant role in both revenue generation for the provincial government as well as in redistributing liquor and gaming revenues among provincial stakeholders towards the achievement of broader provincial objectives. In 2003-04, SLGA transferred \$360.8 million to the provincial government's General Revenue Fund (GRF). In addition, the policy and legislative framework governing the province's liquor and gaming sectors provides for the sharing of revenue among many stakeholders.

In 2003-04, SLGA transferred \$32.1 million more to the GRF than in 2002-03. VLT site contractor revenues increased relative to last year by almost \$5.6 million and franchise commissions increased by \$900,000. Charitable gaming proceeds declined by \$2.6 million relative to last year, primarily due to the continuing decline in popularity of breakopen tickets.

Key Results:

Continue to review and evaluate the province's overall gaming strategy. In partnership with SLGA, the Saskatchewan Gaming Corporation, SIGA and the First Nations University of Canada (FNUC), a three-year gaming research project has been initiated to conduct in-depth historical analysis of the gaming market to provide an estimate of the market saturation point for electronic gaming and to also measure the substitution effect with non-electronic forms of gaming. In 2003-04, SLGA will oversee this research project and will use the results to provide the basis for updating SLGA's Strategic Plan. [2003-04 planned result]

- In partnership, SLGA, SGC, SIGA and FNUC initiated a gaming research project to provide an in-depth historical analysis of the gaming market. SLGA is overseeing this research

project. The results of this analysis, expected in 2004-05, will be used to support policy reviews in the gaming sector.

Continue to implement the provisions of the First Nations Gaming Framework Agreement and work towards the fulfillment of its obligations. [2003-04 planned result]

- SLGA continued to work with the Federation of Saskatchewan Indian Nations, Indigenous Gaming Regulators Inc. (formerly known as Saskatchewan Indian Gaming Licensing Inc.) and SIGA towards the implementation of the 2002 Gaming Framework Agreement. This included:

- Active participation at meetings of the joint FSIN/provincial committee developing proposals to present to the federal government to provide for First Nations jurisdiction over gaming on reserve land.
- Work with the Department of Government Relations and Aboriginal Affairs and Saskatchewan Justice on the development of *The Saskatchewan Gaming Corporation Amendment Act* to provide for the winding up of the First Nations Fund and establishment of the First Nations Trust. The legislation received royal assent on June 27, 2003 and the provisions dealing with the First Nations Fund and First Nations Trust came into effect on August 1, 2003.
- Work with Saskatchewan Justice on *The Alcohol and Gaming Regulation Amendment Act, 2003* to allow the Liquor and Gaming Licensing Commission to hear appeals of First Nations licensing decisions. The legislation received royal assent on June 27, 2003 and the provisions providing for the expanded authority of the Liquor and Gaming Licensing Commission will come into force upon proclamation. As well, SLGA continues discussions with IGR towards establishing the framework for IGR licensing

and regulation of on-reserve charitable gaming. When concluded, IGR will be authorized to license and regulate on-reserve charitable gaming on specific reserve land.

Analyze and develop required annual amendments to *The Alcohol and Gaming Regulation Act, 1997* including reviewing the regulations and terms and conditions related to gaming licences. [2003-04 planned result]

- Amendments to *The Alcohol and Gaming Regulation Act, 1997* were passed in the Spring 2003 session of the Saskatchewan Legislature. The amendments authorize the Liquor and Gaming Licensing Commission to hear appeals from First Nations Gaming Licensing Authorities, including IGR. The amendments will come into effect upon proclamation, when IGR has received authorization to license and regulate on-reserve charitable gaming.
- SLGA also worked with Government Relations and Aboriginal Affairs to draft amendments to *The Saskatchewan Gaming Corporation Act*. The amendments will fulfill SLGA's commitment to the FSIN under the 2002 Gaming Framework Agreement and change the First Nations Fund to the First Nations Trust. These amendments were passed in the 2003 Legislative Session and came into effect on August 1, 2003.

Measurement Results:

Revenue distribution to stakeholders

Actual Results:

- VLT site commission revenue: \$41.2 million, an increase of \$5.6 million from 2002-03. VLT site commission, which is paid to licensed establishments that host VLTs, increased by \$5.6 million due to the overall increase in VLT revenues as a result of the replacement of existing VLTs and the increase in the number of VLTs to 3,995 machines as of March 31, 2004.
- Off-sale permittee beer discount: \$9.9 million.
- Franchise commission: \$4.7 million. Franchise commissions increased to \$4.7 million from \$3.8 million due to the change in the franchise commission structure on December 8, 2002. Franchise commissions were increased from 11.3 per cent to 15.3 per cent.
- Net income transferred to the General Revenue Fund (GRF): \$360.8 million. Transfers to the GRF increased by \$32.1 million due to the overall increase in SLGA's net income during the fiscal year. Liquor sales increased due to a hot summer, Saskatchewan hosting the Grey Cup in the fall of 2003 and a beer price increase initiated by the breweries in the spring of 2003. SIGA's net profit and VLT sales were also up significantly from the previous year, contributing to the increase in SLGA's net income.
- Charitable gaming proceeds: \$34.4 million. Charitable gaming proceeds declined by \$2.6 million relative to last year, primarily due to the continuing decline in popularity of breakopen tickets.

Objective 3: Fair Access

Support fair access to liquor and gaming products and services.

The intent of this objective is to ensure fair access to liquor and gaming products and services across the province. Saskatchewan's geographically dispersed population makes achieving this objective a key principle in the province's public delivery model. In the retail liquor distribution sector, the achievement of this objective is reliant on SLGA's partnership with the province's network of franchises and off-sale outlets, both of which play a significant role in serving rural and remote areas. Similarly, providing access to gaming activities depends on SLGA's partnership with VLT site contractors, the province's charitable gaming network and SIGA casinos.

In 2003-04, SLGA maintained its existing liquor distribution system and provided stakeholders access to additional VLT and slot machines.

Although the total number of machines in the VLT network increased, there was a decline in the number of communities that host VLTs.

Key Results:

Liquor Store Capital Planning. The implementation of SLGA's capital plan for renovating, upgrading and in some cases, relocating the province's liquor stores, is intended to ensure fair and equitable access to products and services across rural locations. [2003-04 planned result]

- In 2003-04, the following capital projects were completed: new liquor stores in Yorkton and Gravelbourg and renovations to increase retail space in Watrous, Tisdale, Fort Qu'Appelle and Creighton.

Measurement Results:

Retail Liquor Outlets Per Capita

This measure depicts the ratio of liquor outlets per capita and serves as an indicator for tracking fair access to liquor products and services. The measure is calculated by adding together the number of liquor stores, the number of franchises and the number of off-sale outlets and dividing this total by the population of the province.

Actual Results:

Saskatchewan has one liquor outlet per 1,318 residents. This is a slight decrease from the 2002-03 reported ratio of 1:1,297, due to the use of a July 1, 2003 population figure of 994,843⁶ which is higher than the 2001 Census figure used in 2002-03 (978,933). The total number of outlets has remained at 755 (81 retail liquor stores, 189 franchises and 485 off-sale outlets).

Number of Communities with VLTs

This measure tracks the number of communities with VLTs. The measure serves as a good indicator for tracking fair access to VLTs.

Actual Results:

As of March 31, 2004, there were 3,995 VLTs in 691 sites, located in 326 communities. The number of VLTs increased by 235 in 2003-04.

However, the number of communities with VLTs dropped slightly from 334 in 2002-03 primarily due to business closures. Since 1999-00, the number of VLT sites has increased slightly and the number of communities with VLTs has remained fairly constant, while the total number of VLTs in the province has increased.

Year	Number of VLTs (as of March 31)	Number of sites	Number of communities with VLTs
99-00	3,567	641	326
00-01	3,561	643	321
01-02	3,536	682	332
02-03	3,760	691	334
03-04	3,995	691	326

Objective 4: Social Responsibility

Promote social responsibility in the use of liquor and gaming products.

This objective is intended to reflect the key partnership role SLGA plays in promoting the socially responsible use of liquor and gaming products in collaboration with agencies like Saskatchewan Health and Saskatchewan Government Insurance. Social responsibility forms a part of SLGA's mandate and work towards this objective is an important part of SLGA's strategic direction.

During 2003-04, SLGA maintained its existing program funding in collaboration with other agencies as well as developed a new inter-jurisdictional partnership to review responsible gaming issues. Further analysis is still required to examine the effectiveness of SLGA's existing role with respect to social responsibility outcomes.

Key Results:

Assess SLGA's role in social responsibility and develop a plan to effectively fulfill its mandate. [2003-04 planned result]

⁶Source: Statistics Canada 91213XPB, Annual Demographic Statistics 2003.

- SLGA collected information on numerous social responsibility activities throughout Canada and abroad and monitored the Saskatchewan situation with respect to social concerns related to alcohol abuse and problem gambling. In 2003-04, SLGA also participated in discussions with gaming agencies from several jurisdictions to establish the Canadian Partnership for Responsible Gambling. In 2004-05, SLGA plans to complete its review by evaluating its existing role and considering new options to address social responsibility issues.

Work with Saskatchewan Health to develop and implement initiatives targeted specifically at social responsibility for gaming, including: monitoring the 2002-03 agreements that were signed to fund three mobile crisis organizations in Regina, Saskatoon and Prince Albert to operate the Problem Gambling Help Line; implementing a media/public education strategy directed at problem gambling; and, funding the Saskatchewan Responsible Gaming Association. [2003-04 planned result]

- SLGA continued to fulfill its role to provide financial support for social responsibility activities related to participation in gaming through third party grants to the Saskatchewan Responsible Gaming Association and mobile crisis organizations in Regina, Saskatoon and Prince Albert. It also supported government initiatives in developing education and awareness of problem gambling through Saskatchewan Health.

Begin evaluation of the two-year pilot project banning the sale of beer in glass bottles in the northern community of La Loche. SLGA implemented a beer bottle ban pilot project in La Loche effective April 1, 2002 and is evaluating the impact on the community for the duration of the pilot through 2003-04. [2003-04 planned result]

- SLGA implemented a two-year pilot project banning the sale of beer in glass containers in the community of La Loche effective April 1, 2002. Community leaders requested the ban to address concerns about litter, injuries and property damage caused by glass beer bottles. Statistics on assaults, medical treatment required and beverage alcohol sales have been collected to the end of 2003-04. SLGA will consider, in consultation with interested groups, whether a broader program is warranted for 2004-05 and beyond.

Measurement Results:

As SLGA reviews and assesses its role in promoting social responsibility in the liquor and gaming industries, the organization will develop outcome measures that help evaluate how well it is doing in meeting this objective. When selecting outcome measures for social responsibility, SLGA needs to consider third parties that are critical to the achievement of results and whether or not the measure can be influenced by external factors.

Goal 3: Our People

Provide a positive and safe environment for our employees that values the differences in others and encourages continuous learning, mutual respect and self-responsibility.

Objective 1: Employee Health, Safety, and Satisfaction

Create a safe, healthy, and positive workplace for our employees.

SLGA is a significant employer in the province, with approximately 890 full-time, part-time and casual staff in 64 communities. As a provider of services, SLGA's staff are critical to ensuring the organization's success in meeting customer's needs and being successful as a business. SLGA is committed to its vision of being an employer of choice and to living up to its guiding principle of mutual respect. This objective reflects SLGA's commitment to ensuring a positive, healthy and safe workplace for its employees. SLGA believes that the work environment is a significant determinant of employee success and productivity, and as such is a key component of its Strategic Plan.

Key Results:

Develop and implement a training program for harassment and violence awareness in the workplace and deliver this training to all SLGA employees. [2003-04 planned result]

- SLGA continues to focus on finalizing its review and updating of the existing policy in consultation with union representatives. SLGA expects to pilot this training in the last quarter of fiscal 2004-05 and to begin a training schedule in 2005-06.

Maintain positive labour relations by continuing to use a co-operative, collaborative approach and direct communication with elected and appointed union representatives. [2003-04 planned result]

- A collaborative working relationship continued

with joint committees completing the development of a part-time staffing policy and a Temporary Assignment of Higher Duties (TAHD) policy for stores. In addition, management and union representatives discussed union negotiating committee involvement in the corporate strategic planning process. The joint steering committee also finalized a new classification plan for in-scope employees and in March 2004, management and union negotiating committees began to negotiate the pay schedule to accompany the new job classification plan using an interest-based bargaining process.

Measurement Results:

Number of employees who have taken harassment and violence in the workplace awareness training each year.

Actual Results:

SLGA will acquire a facilitator for training; SLGA will pilot this program in 2004-05 and develop a baseline for this measure in 2005-06.

Objective 2: Employee Performance and Skill Development

Develop the capacity and skills of our employees by offering opportunities for learning and growth.

Developing the capacity of SLGA's employees is an important component of SLGA's renewed approach to performance management and accountability. This objective envisions the development and implementation of a number of initiatives designed to develop employees' skills and performance. These initiatives are important components of ensuring that the organization has the capacity to meet other strategic outcomes, including enhancing customer service and strengthening overall productivity. As well, this objective is tied to ensuring SLGA can address longer-term human resource challenges like retention, career planning and succession planning.

Some initial groundwork was conducted in this area. However, SLGA expenditure restraints in 2003-04 resulted in the timelines of several initiatives to be extended into 2004-05.

Key Results:

Develop a learning plan program that assists employees in developing their skill sets and directs the organization to proactively address career and succession planning opportunities. [2003-04 planned result]

- An update of SLGA's learning policies has been identified as necessary prior to initiating the development of learning plans on a broad scale. The policy update will be completed and the learning plan process is expected to be piloted in 2004-05. The program is intended to ensure that SLGA's employees have the required knowledge, skills, abilities and personal attributes to meet current and future needs. SLGA is integrating its staff development policies with the ongoing identification of core competencies and succession planning activities. In 2003-04, SLGA reviewed its human resource and learning policies.

Train employees in leadership skills by offering introductory and management courses as well as specialized modules for specific leadership issues. [2003-04 planned result]

- During 2003-04, 25 employees took the opportunity to further develop their leadership skills by participating in the Lead Management Development Program, which provides advanced leadership training through individual coaching and a series of related workshops.

Measurement Results:

Cumulative number of employees that complete leadership training

Actual Results:

Of the more than 600 employees who have been involved in leadership training since 1997, another 25 staff took the opportunity to complete the Lead

Management Development Program in 2003-04.

Objective 3: Representative Workforce

Develop a workforce that is representative of the population we serve.

This objective reflects SLGA's commitment to having a workforce that represents the working age population of Saskatchewan at all levels of the organization. It is a critical component of SLGA's Balanced Scorecard and is also a key outcome envisioned by SLGA's Employment Equity Plan approved by the Saskatchewan Human Rights Commission on January 29, 2003.

SLGA made some improvement toward achieving a representative workforce in 2003-04. Progress was limited, however, as many of the new initiatives outlined in SLGA's Corporate Employment Equity Plan were not implemented until late 2003-04.

Key Results:

Continue to implement a training program for Aboriginal cultural awareness and diversity and deliver it to all SLGA employees. [2003-04 planned result]

- Seven Aboriginal Cultural Awareness Program sessions involving 196 employees took place in 2003-04. SLGA plans to have all full-time and part-time staff complete the training by 2005-06.

Based on the Aboriginal Partnership Agreement and the joint union/management Employment Equity Plan, prepare the organization to hire and retain employees from the four designated groups (Aboriginal people, people with disabilities, visible minorities and women in under represented occupations). [2003-04 planned result]

- SLGA continues to work towards building a representative workplace. Initiatives implemented under the Aboriginal Partnership Agreement and the Joint Employment Equity Plan include:

- ➔ Expanded advertising of vacancies open to the public by compiling an e-mail distribution

list primarily composed of equity group organizations;

- Implemented use of a Staffing Action Efforts Form to compile data about the participation of equity group candidates in SLGA job vacancies;
- Participated in three Aboriginal-specific career fairs; and
- Communicated with existing employees about the newly approved Employment Equity Plan using posters, question and answer sheets, intranet postings, informational sessions and publication of articles in SLGA's internal newsletter.

Implementation of the Employment Equity Plan, including specific actions surrounding: recruitment and hiring strategies; retention strategies; employee education; performance management; and, job classification, designation and evaluation. [2003-04 planned result]

- SLGA began to implement the Employment Equity Plan approved by the Saskatchewan Human Rights Commission in January 2003. Specific actions included a review and updating of the recruitment and hiring process and the development of retention strategies, employee education, performance management and job classification/evaluation.

Measurement Results:

Equity group employment

This measure depicts the employment status of the four equity groups within SLGA. It is an important indicator for evaluating progress towards achieving a representative workforce. According to the Saskatchewan Human Rights Commission, in a representative workforce 45 per cent of employees at all levels would be female, 12.5 per cent would be Aboriginal people, 9.7 per cent would be people with disabilities and 2.8 per cent would be members of visible minorities.

Actual Results:

Equity Group	April 30, 2002	March 31, 2003	March 31, 2004
Aboriginal People	5.0%	5.4%	5.6%
Women	58.1	56.8	57.4
Persons with Disabilities	3.7	3.4	3.6
Visible Minority Persons	2.1	2.2	2.6

Number of employees who have taken Aboriginal Awareness training

By providing current employees with an awareness and appreciation of Aboriginal culture, SLGA will be better positioned to recruit and retain qualified Aboriginal employees as well as members of other equity groups.

Actual Results:

Seven sessions took place with 196 employees participating. A total of 490 employees have taken the training since first offered in 2002-03.

Objective 4: Communication

Effectively communicate our policies, priorities and results to the public.

This objective reflects the importance of communicating SLGA's priorities, policies and programs effectively to the public and stakeholders. Due to the size of SLGA as an organization, and given the number and diversity of stakeholders and customers in liquor and gaming in Saskatchewan, effective overall communication is a critical corporate priority.

SLGA improved its communications through enhancements to SLGA's website in 2003-04. In addition to providing SLGA corporate information, licensing customers now have the option of obtaining relevant policy information online and in

some cases apply for licences and submit reports online.

Key Results:

Effectively communicate SLGA's priorities, policies, procedures, initiatives and results internally across the organization. Improving internal communication on key policies will also help improve SLGA's capacity to better respond to customer and stakeholder inquiries. [2003-04 planned result]

- SLGA's Communications Branch continues to work to improve internal communication of SLGA priorities, policies and initiatives. Internal communication is now a key element of all rollout strategies. Communication vehicles have included paycheque stuffers, direct mailouts, posters, posting of information on SLGA's intranet and publication of information in SLGA's internal newsletter.

Strengthen public, employee and stakeholder access to corporate information and services using online technology and by enhancing SLGA's web-based information. [2003-04 planned result]

- In 2003-04, SLGA enhanced its corporate website at www.slga.gov.sk.ca. A major focus of the website was to provide client access to online licensing services which has been achieved for charitable gaming. The Communications Branch continues to work to

improve content on both SLGA's public website and its intranet. Both sites now provide the public, clients and employees with a full range of information on the strategic direction, role, mandate, organizational structure and legislative responsibilities of SLGA.

Publish SLGA's Corporate Strategic Plan (Balanced Scorecard) and its performance results. [2003-04 planned result]

- SLGA prepared its 2004-05 Strategic Plan for publication with the Provincial Budget in March 2004 and will now be reporting its progress and performance relative to its published plan every year in its annual report.

Measurement Results:

SLGA is currently developing performance measures for this communications objective that measure the organization's success in communicating both internally and externally. Some of the measures SLGA is considering include: the perceived value and use of SLGA's website and employee intranet (using a survey approach); measuring the full extent of SLGA's consultation activity with stakeholders and customers; evaluating the broader public and client understanding of SLGA's policies; and, measuring the effectiveness of our public performance reporting. Implementation of these activities, however, will occur as resources permit.

Goal 4: Internal Operations
Continually improve our business processes through enhanced productivity, improved internal management systems and through the creativity of all employees.

Objective 1: Improved Business Processes and Infrastructure

Streamline our internal business processes and infrastructure to foster continuous improvements, enable our employees and strengthen our customer service capabilities.

This objective speaks to the importance of ensuring continuous improvement in SLGA's internal operations. The objective seeks to align all of SLGA's key business processes with the achievement of the other key outcomes identified in this Balanced Scorecard. Operational improvements are very diverse in scope and can include: aligning information systems and technology with key priorities; refining and improving annual planning and budgeting processes; providing meaningful research and policy analysis to decision-makers on key issues within the liquor and gaming sectors; making strategic operational investments which improve service and revenue growth; and, seeking efficiencies in the delivery of programs and services.

SLGA made significant improvements to its internal operations in 2003-04, launching an online charitable gaming licensing system and designing a liquor licensing online system. The new systems will streamline renewal and application processes and will provide a single source for the record keeping of compliance data and activity.

Key Results:

Develop and implement an online charitable gaming system that automates and redesigns business processes. SLGA has also begun work on a similar system for liquor licensing. [2003-04 planned result]

- Online Charitable Gaming Licensing System: SLGA has implemented a charitable gaming licensing system that allows charitable gaming customers to apply for and receive approval for numerous gaming activities via the internet. Customers can now receive automatic approval for addendums to existing licences.
- Online Liquor Licensing System: SLGA recently completed the initial design phase for this project, which when completed will allow consumers to apply for a commercial liquor licence via the internet. The introduction of this system combined with recent business process changes will help facilitate improved customer service for both internal and external customers. The creation of customer profiles will streamline processes for both renewals and compliance activity. The system is expected to be implemented in late 2004.

Objective 2: Liquor and Gaming Distribution Productivity

Distribute and manage liquor and gaming products efficiently to ensure customer expectations are being met in a cost effective manner.

This objective speaks to SLGA's operational efficiency in the distribution component of the liquor and gaming sectors in Saskatchewan. An important part of ensuring a high degree of efficiency and productivity in distribution rests with SLGA's information systems capacity. For example, in 2002-03 SLGA began several initiatives designed to improve the supply chain and sales process for liquor distribution, including upgrading SLGA's point-of-sale systems. On the gaming side, the objective's key actions also speak to SLGA's relationship with its partners in this distribution activity, including the Saskatchewan Indian Gaming Authority (SIGA) and the Western Canada Lottery Corporation (WCLC). The measures presented under this objective provide an assessment of the effectiveness of SLGA's approach to managing these operations.

SLGA either maintained or showed improvement in all key performance indicators under this objective indicating overall improvement in cost effectiveness.

Key Results:

Refine and upgrade the supply chain and replace the point-of-sale system for liquor distribution. [2003-04 planned result]

- SLGA's supply chain system (PRISM) was enhanced throughout the year. Changes to Canada's *Customs and Excise Act* in June 2003 forced significant PRISM modifications to ensure SLGA's compliance with the *Act*. Modifications are also being made to PRISM as necessary to meet the requirements of the newly developed retail liquor point-of-sale system which is expected to be implemented in 2004-05.

Monitor and approve budgets from WCLC. [2003-04 planned result]

- SLGA has contracted with WCLC to provide services such as training, installation and maintenance of VLTs and slot machines, maintaining the central operating systems and providing a toll-free hotline for assistance. SLGA reviews and approves WCLC's annual budget. SLGA also monitors monthly and quarterly reporting from WCLC to help ensure accountability in the delivery of programs and services.

Monitor and approve budgets from SIGA. [2003-04 planned result]

- SLGA reviews and approves SIGA's annual budget. SLGA also monitors monthly and quarterly reporting from SIGA to help ensure accountability in the delivery of services.

Measurement Results:

Store operating cost as a percentage of store sales

This measure will gauge SLGA's efforts to optimize store revenue using the least amount of

operational resources. Store costs include labour, supply costs and all capital and equipment costs.

Actual Results:

In 2003-04, store operating costs were 12.7 per cent of store sales. In 2002-03, store operating costs were 12.6 per cent.

WCLC costs as a per cent of VLT revenue

This measure depicts SLGA's efforts to optimize the return on investment from contracting with WCLC to administer the central computer systems for the province's VLTs.

Actual Results:

In 2003-04, WCLC costs were 3.4 per cent of VLT revenue.⁷ SLGA forecasted WCLC's costs as a percentage of revenue at 3.9 per cent. The actual is lower than forecasted due to higher than anticipated revenues. The improvement relative to the 2002-03 level of 4.4 per cent is due to higher revenues from the new VLTs.

SIGA costs as a per cent of SIGA revenue

This measure reflects how efficient SIGA is in its slot machine operations. Changes in the results over time can help to determine whether slot machine revenues increase at a faster rate than the costs required to operate the slots.

The result of this measure shows that SIGA is making progress in optimizing slot machine revenue generation based on its use of resources. In fact, SIGA lowered these costs significantly since 2000-01, when the ratio was nearly 68 per cent.

Actual Results:

In 2003-04, SIGA slot machine costs were 57.2 per cent of SIGA slot net revenues, compared with SLGA's forecast of 59.9 per cent for 2003-04.⁸ This improvement is due to higher than anticipated slot revenues per machine and a general decrease in a number of expenses. The 2003-04 amount is also lower than the 59.4 per cent in 2002-03. This improvement is due to higher slot revenues, resulting from the addition of 375 slot machines at SIGA casinos.

⁷ Source: WCLC Financial Statements, 2003-04.

⁸ Source: SIGA Financial Statements, 2003-04.

Goal 5: Financial

Be fiscally responsible and accountable in support of provincial financial objectives.

Objective 1: Financial Management and Accountability

Manage our resources effectively to ensure fiscal responsibility and accountability.

This objective reflects SLGA's commitment to sound financial management and overall financial accountability. An important part of achieving this objective is aligning SLGA's Balanced Scorecard with SLGA's financial planning and budgeting processes.

SLGA made steady progress in improving its accountability and fiscal responsibility. Improvement was made in aligning the strategic plan with the annual budget process and accountability was improved through a formal process requiring division heads to reconcile their performance relative to the 2003-04 published plan. SLGA also generated an additional \$33.8 million in net income relative to last year.

Key Results:

Strengthen the organization's overall approach to aligning financial and strategic planning. Ongoing refinements to SLGA's planning and budgeting processes are a key part of the organization's commitment to improving performance management and overall accountability. [2003-04 planned result]

- Refinements to SLGA's planning and budgeting processes were developed to ensure that all budget proposals are not only linked to strategic initiatives within the SLGA corporate plan but are also evaluated with respect to SLGA corporate goals and objectives. In 2003-04, a senior management forum was held to report on each division's performance and progress relative to the 2003-04 Strategic Plan and a revised reporting process was put in place for the 2003-04 Annual Report. These processes have improved internal management

and accountability, supporting stronger decision-making.

Measurement Results:

Net income

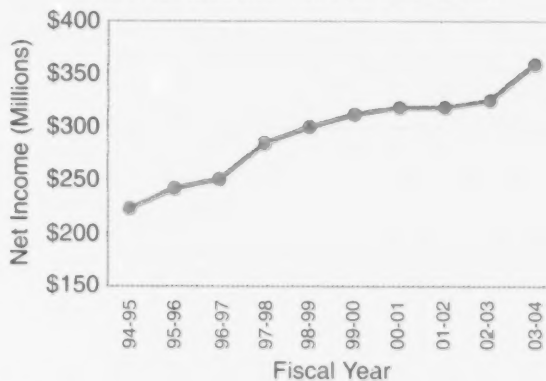
SLGA's net income reflects the total net revenue generated by the province's liquor industry and the majority of the gaming industry after deducting operating expenses. The measure reflects the amount of money that SLGA generated in support of important public social programs.

Actual Results:

In 2003-04, net income was \$359.1 million.

Net income increased significantly from the previous year due to increased net income in all segments of SLGA's operations. Liquor sales increased due to a hot summer, Saskatchewan hosting the Grey Cup in the fall of 2003 and a beer price increase initiated by the breweries in the spring of 2003. As well, VLT sales were up from the previous year due to increased sales from the new VLTs and an increase in the number of operational VLTs to 3,995 machines. SLGA's net profit was also up significantly from the previous year.

SLGA Net Income: 1994-95 to 2003-04



Net income percentage variance from previous year

This measure depicts the percentage change in SLGA's net income from the previous year.

Notwithstanding factors out of SLGA's control, SLGA is committed to meeting its approved budgets and is committed to ensuring there is a financial return for public funds expended.

Actual Results:

SLGA's net income increased 10.4 per cent compared to the previous year.

Net income increased significantly from the previous year due to increased net income in all

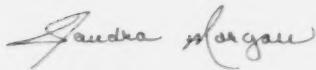
segments of SLGA's operations. Liquor sales increased due to a hot summer, Saskatchewan hosting the Grey Cup in the fall of 2003 and a beer price increase initiated by the breweries in the spring of 2003. As well, VLT sales were up from the previous year due to the replacement of the machines and the increase in the number of VLTs to 3,995 machines.

Management's Report

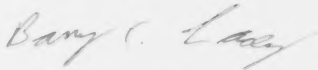
The accompanying financial statements, and related financial information throughout the Annual Report, have been prepared by management using Canadian generally accepted accounting principles. Management is responsible for the integrity, objectivity and reliability of the financial statements.

Management of the Authority has established and maintains a system of internal controls that provides reasonable assurance that transactions are recorded and executed in compliance with legislation and authority; assets are safeguarded; there is an effective segregation of duties and responsibilities; and, reliable financial records are maintained. An auditing function exists within the Authority, which objectively assesses the effectiveness of internal controls.

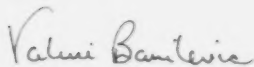
The Provincial Auditor has examined the Authority's financial statements. The Auditor's Report to the Members of the Legislative Assembly of Saskatchewan expresses an independent opinion on the fairness of presentation of the Authority's financial statements in accordance with Canadian generally accepted accounting principles.



Sandra Morgan
President & CEO
June 23, 2004



Barry Lacey, CMA, CA
Vice-President, Corporate Services



Valerie Banilevic, CMA
Manager, Financial Services

Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Liquor and Gaming Authority as at March 31, 2004 and the statements of operations and retained earnings (deficit), and cash flows for the year then ended. The Authority's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Regina, Saskatchewan
June 23, 2004

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

LIQUOR AND GAMING AUTHORITY
STATEMENT OF FINANCIAL POSITION
As at March 31

	<u>2004</u> (000's)	<u>2003</u> (000's)
ASSETS		
Current assets:		
Cash	\$ 5,390	\$ 3,061
Due from General Revenue Fund (Note 3)	36,652	13,740
Accounts receivable (Note 7)	26,828	27,605
Prepaid expenses	3,364	5,516
Inventories (Note 5)	<u>17,597</u>	<u>15,140</u>
	89,831	65,062
Property, plant and equipment (Note 6)	93,487	80,250
Deferred Goods and Services Tax (Note 8)	<u>3,865</u>	<u>3,202</u>
	<u>\$ 187,183</u>	<u>\$ 148,514</u>
LIABILITIES AND RETAINED EARNINGS		
Current liabilities:		
Accounts payable	\$ 12,094	\$ 21,226
Payable to General Revenue Fund (Note 4)	143,938	95,244
Goods and Services Tax payable (Note 8)	<u>5,355</u>	<u>5,838</u>
	161,387	122,308
Accrued pension liability (Note 9)	<u>27,428</u>	<u>26,134</u>
	188,815	148,442
Retained earnings (deficit) (Statement 2)	<u>(1,632)</u>	<u>72</u>
	<u>\$ 187,183</u>	<u>\$ 148,514</u>
Commitments (Note 10)		

(See accompanying notes to the financial statements)

LIQUOR AND GAMING AUTHORITY
STATEMENT OF OPERATIONS AND RETAINED EARNINGS (DEFICIT)
For the Year Ended March 31

	2004		2003
	Budget	Actual	Actual
	(000's)	(000's)	(000's)
	(Note 13)	(Note 16)	
Revenues:			
Liquor sales (Note 11)	\$ 364,412	\$ 376,210	\$ 353,723
VLTs	263,026	266,107	224,446
SIGA slot machines (Note 14)	88,701	90,941	79,978
Licences, permits, and other income	2,948	4,165	3,568
	<u>719,087</u>	<u>737,423</u>	<u>661,715</u>
Less SIGA promotional allowances	2,600	2,428	788
	<u>716,487</u>	<u>734,995</u>	<u>660,927</u>
Direct expenses:			
Cost of liquor	188,849	197,472	185,293
VLT site commission	39,966	41,238	35,603
	<u>228,815</u>	<u>238,710</u>	<u>220,896</u>
Operating expenses (Schedule 1):			
VLTs, Liquor, and Other Gaming	84,571	80,697	64,974
SIGA slot machines	52,409	51,779	47,044
SIGA other (Note 15)	4,692	4,747	2,778
	<u>141,672</u>	<u>137,223</u>	<u>114,796</u>
Net income for the year	<u>\$ 346,000</u>	359,062	325,235
Retained earnings, beginning of year		72	3,516
Transfer to General Revenue Fund (Note 4)		<u>(360,766)</u>	<u>(328,679)</u>
Retained earnings (deficit), end of year - to Statement 1		<u>\$ (1,632)</u>	<u>\$ 72</u>

(See accompanying notes to the financial statements)

Statement 3

LIQUOR AND GAMING AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	<u>2004</u> (000's)	<u>2003</u> (000's)
Cash flows provided by (used in) operating activities:		
Cash receipts from liquor sales, VLTs, slot machines, and other	\$ 760,739	\$ 682,301
Interest received	365	186
Payments to suppliers, employees, and other	(370,347)	(325,630)
Payments of Goods and Services Tax (Note 8)	<u>(18,963)</u>	<u>(21,267)</u>
	371,794	335,590
Cash flows provided by (used in) investing activities:		
Purchase of property, plant and equipment	(34,481)	(54,503)
Cash flows provided by (used in) financing activities:		
Cash deposited in General Revenue Fund (Note 4)	<u>(312,072)</u>	<u>(299,732)</u>
Net increase (decrease) in cash position	25,241	(18,645)
Cash position, beginning of year	<u>16,801</u>	<u>35,446</u>
Cash position, end of year	<u>\$ 42,042</u>	<u>\$ 16,801</u>
Cash position consists of:		
Cash	\$ 5,390	\$ 3,061
Due from General Revenue Fund	<u>36,652</u>	<u>13,740</u>
	<u>\$ 42,042</u>	<u>\$ 16,801</u>

(See accompanying notes to the financial statements)

**LIQUOR AND GAMING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2004**

1. Description of Business

The Liquor and Gaming Authority operates under the authority of *The Alcohol and Gaming Regulation Act, 1997*. The Authority's mandate is to support, develop and regulate the Saskatchewan liquor and gaming industries and to maximize public benefit through high quality services and products.

The Authority operates retail liquor stores and video lottery terminals. The Authority conducts and manages the breakopen vending machine program in the Province. It also owns and manages the slot machines at Saskatchewan Indian Gaming Authority's (SIGA) casinos. SIGA slot machine revenue and expenses are included in these financial statements.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant policies are described below.

(a) Revenue

Liquor Sales

Sales are recorded net of returns, container deposits, Goods and Services Tax, Liquor Consumption Tax and discounts.

Licence Fees

Liquor and gaming licence fees are recorded when the licence is approved. Exhibition casino licence fees are based on the net revenue generated by the exhibition casino. The Authority records these fees as the exhibition casino generates net revenue.

Video Lottery Terminals (VLT)

Revenue is recorded net of prize payouts.

SIGA Slot Machines

Revenue from casino slot machines are recorded net of prizes paid out and accruals for anticipated amounts to be paid out for progressive jackpots.

(b) Promotional Allowances

SIGA offers a customer loyalty program to its patrons. As part of the program, club members accumulate points based on amounts wagered and can redeem their points for cash. The points accumulated are recorded as a liability and a promotional allowance.

(c) VLT site commission

Establishments where VLTs are located are entitled to commission based on 15% of the VLT

revenue earned. The commission is recorded as the VLT revenue is earned.

(d) Inventories

Inventories of wine, coolers, spirits and beer are valued at the lower of average cost and net realizable value.

(e) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated amortization. Property, plant and equipment are amortized commencing in the year which the property, plant and equipment are placed in service on a straight-line basis at rates designed to allocate the cost of the property, plant and equipment over their estimated useful lives. Rates are as follows:

Buildings	2.5 - 5% per annum
Furniture & Equipment	15 - 33% per annum
VLTs & Slot Machines	20% per annum
Breakopen Vending Machines	15 - 33% per annum

Leasehold improvements are amortized over the term of the lease.

(f) Pension Expense

The cost of the pension benefits earned by employees who are members of the Authority's defined benefit plan, is determined using the projected benefit method prorated on service. The amount of the expense reflects management's best estimate of the plan's expected investment performance, salary escalation, mortality of members, terminations, the ages at which members will retire and ad hoc increases, based upon the Consumer Price Index, that may be granted by the Lieutenant Governor in Council.

The discount rate used to determine the accrued benefit obligation is determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and the amount of expected benefit payments. Pension plan assets are valued at fair value (market value) for the purposes of calculating the expected return on plan assets. The net actuarial gain (loss), transitional obligation resulting from adoption of new accounting rules in 2001, and plan amendments are amortized beginning in the year they arise over the expected average remaining service life of members of the defined benefit plan.

The Authority also has employees who are members of a defined contribution pension plan. The Authority expenses contributions it is required to make for current service of those employees.

(g) Grants

Grants are recognized when approved and eligibility criteria, if any, are met.

3. Due from General Revenue Fund

Most of the Authority's bank accounts are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan. During the year, the General Revenue Fund did not pay interest on the Authority's bank accounts.

4. Disposition of Retained Earnings

Subsection 182(5) of *The Alcohol and Gaming Regulation Act, 1997* (Act) allows the Authority to provide interest free advances to the Minister of Finance for deposits in the General Revenue Fund (GRF) until the Treasury Board determines the disposition of the Authority's retained earnings. Under subsection 182(1) of the Act, the Treasury Board may, at any time, direct that all or any portion of the Authority's retained earnings be transferred to the GRF. The Treasury Board has directed the Authority to transfer \$360,766 (2003 - \$328,679) to the GRF under subsection 182(1) of the Act. At March 31, amounts payable to GRF were determined as follows:

	2004 (000's)	2003 (000's)
Payable to GRF at beginning of year	\$ (95,244)	\$ (66,297)
Deposits during the year pursuant to Subsection 182(5)	312,072	299,732
Transfer to General Revenue Fund pursuant to Subsection 182(1)	<u>(360,766)</u>	<u>(328,679)</u>
Payable to GRF at end of year	<u>\$ (143,938)</u>	<u>\$ (95,244)</u>

5. Inventories

	2004 (000's)	2003 (000's)
Wines, coolers and spirits in stores	\$ 7,871	\$ 7,386
Wines, coolers and spirits in warehouse	8,222	6,648
Beer in stores	<u>1,504</u>	<u>1,106</u>
	<u>\$ 17,597</u>	<u>\$ 15,140</u>

6. Property, Plant and Equipment

	2004			2003		
	Cost (000's)	Accumulated Amortization (000's)	Net Book Value (000's)	Cost (000's)	Accumulated Amortization (000's)	Net Book Value (000's)
Land	\$ 2,526	\$ ---	\$ 2,526	\$ 2,276	\$ ---	\$ 2,276
Buildings	25,944	12,238	13,706	22,625	11,396	11,229
VLTs	69,945	19,968	49,977	60,412	22,014	38,398
Slot machines	19,748	12,508	7,240	19,638	11,437	8,201
Furniture & equipment	36,912	20,554	16,358	31,088	15,883	15,205
Breakopen vending machines	3,002	2,385	617	3,002	1,786	1,216
Leasehold improvements	8,045	4,982	3,063	8,077	4,352	3,725
	<u>\$ 166,122</u>	<u>\$ 72,635</u>	<u>\$ 93,487</u>	<u>\$ 147,118</u>	<u>\$ 66,868</u>	<u>\$ 80,250</u>

7. Accounts Receivable

	2004 (000's)	2003 (000's)
SIGA slot machine receivable	\$ 22,937	\$ 20,601
VLT receivable	2,394	5,024
Other	1,497	1,980
	<u>\$ 26,828</u>	<u>\$ 27,605</u>

8. Goods and Services Tax (GST)

The Authority is on the prescribed list of lottery corporations pursuant to Section 188 of the Federal *Excise Tax Act*. In lieu of collecting GST on VLT and slot revenue at the retail level, the Authority calculates and remits GST according to a formula prescribed by Canada Revenue Agency.

The formula requires the Authority to pay 14% on the purchase of taxable goods and services related to gaming programs and 7% on VLT site contractor commissions.

One-half of the GST paid on property, plant and equipment for gaming is set up as a deferred tax and is amortized on a straight-line basis over the useful life of the property, plant and equipment.

The Authority also pays GST to the Canada Revenue Agency and claims input tax credits on all its liquor and other taxable purchases.

9. Pension Plan

The Authority sponsors a defined benefit plan and participates in a multi-employer defined contribution plan covering substantially all of its employees. The defined contribution plan is called the Public Employees Pension Plan (PEPP). During the year, the Authority paid PEPP and expensed a total of \$1,457,714 (2003 - \$1,212,140) in required contributions.

The Liquor Board Superannuation Commission administers the defined benefit plan, Liquor Board Superannuation Plan (Plan) for the Authority. The Plan provides pensions calculated at 2% of a member's average salary for the five years of highest salary, multiplied by the number of years of service to a maximum of 35. This Plan has been closed to new members since 1977.

Eckler Partners Ltd. performed the valuation of the Plan as at September 30, 2002 and extrapolated the valuation to December 31, 2002 and December 31, 2003. The accrued benefit obligation is based on a number of assumptions about future events including: discount rate, salary increases, inflation and ad hoc indexing. The following significant assumptions were adopted in measuring the accrued benefit obligation:

	2004	2003
Expected long-term rate of return on plan assets	6.25%	6.25%
Discount rate	6.25%	6.25%
Salary increases	4.00%	4.00%
Inflation	3.00%	3.00%
Ad hoc increases to pensions as % of Consumer Price Index	50%	50%
Expected average remaining service life	4.9 years	5.9 years

A 1% change in the following assumptions would impact the accrued benefit obligation as described below:

<u>Assumption</u>	<u>Impact</u> (% of ending accrued benefit obligation)
Interest	10.8
Salary	1.5
Inflation	4.9

The Authority's pension cost, which is included in salary, wages, and benefits, is:

	<u>2004</u> (000's)	<u>2003</u> (000's)
Current service cost - defined benefit plan	\$ 468	\$ 873
Current service cost - defined contribution plan	1,458	1,212
Interest cost	2,784	2,613
Expected return on pension plan assets	(801)	(867)
Amortization of net transitional obligation	535	535
Amortization of actuarial losses	477	628
Early retirement benefits	15	23
Net pension cost	<u>\$ 4,936</u>	<u>\$ 5,017</u>

Information about the Authority's defined benefit plan is as follows:

	<u>2004</u> (000's)	<u>2003</u> (000's)
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	\$ 45,304	\$ 42,023
Current service cost - employer	468	873
Current service cost - employee	179	389
Interest cost	2,784	2,613
Benefits paid	(2,806)	(2,944)
Experience (gain) loss	(205)	2,350
Accrued benefit obligation, end of year	<u>\$ 45,724</u>	<u>\$ 45,304</u>
Plan assets		
Fair value of plan assets, beginning of year	\$ 13,088	\$ 14,099
Actual return on plan assets	1,338	(555)
Employer contributions	2,079	2,099
Employee contributions	179	389
Benefits paid	(2,806)	(2,944)
Fair value of plan assets, end of year	<u>\$ 13,878</u>	<u>\$ 13,088</u>
Funded status - Plan deficit	\$31,846	\$32,216
Unamortized transitional obligation	(2,409)	(2,944)
Unamortized net actuarial (losses)	<u>(2,009)</u>	<u>(3,138)</u>
Accrued pension liability	<u>\$ 27,428</u>	<u>\$ 26,134</u>

The Plan holds all of its assets in various pooled funds. The Plan's holdings consist of 28.7% in a Canadian equity pooled fund, 24.2% in foreign equity pooled funds, 42.9% in a bond and debenture pooled fund and 4.2% in a money market pooled fund.

The forecast of cash outflows which exceed the cash inflows for the Plan has been determined using the long-term assumptions noted above and are described below.

The cash inflow is the amount of employee contributions received by the defined benefit plan and the total cash outflow is the amount required to pay all pension obligations. The net cash outflows do not consider future investment income and the redemption of investments.

	<u>Net Cash Outflows</u>	
	(000's)	
Next 5 years	\$	14,000
Next 10 years	\$	33,700
Next 30 years	\$	95,200

10. Commitments

Authority Leases

The Authority, as lessee, is committed to pay under operating leases on leased premises the following minimum amounts in future years:

Year Ending March 31	<u>2004</u> (000's)	<u>2003</u> (000's)
2004	\$ ---	\$ 3,301
2005	3,261	2,931
2006	2,948	2,606
2007	2,281	1,976
2008	1,321	1,107
2009	1,137	---
Subsequent years	<u>2,961</u>	<u>3,831</u>
Total	<u>\$ 13,909</u>	<u>\$ 15,752</u>

SIGA Leases, Sponsorships and IGR

SIGA has obligations under operating leases for buildings, equipment and vehicles. SIGA has also previously committed to providing sponsorship funding to various agencies. The minimum lease payments and commitments for ongoing sponsorships over the next five years are as follows:

Year Ending March 31	<u>Leases</u> (000's)	<u>Sponsorships</u> (000's)
2005	\$ 2,955	\$ 378
2006	2,807	300
2007	1,848	300
2008	1,246	300
2009	1,225	100

The Casino Operating Agreement requires SIGA to transfer to the Indigenous Gaming Regulators Inc. (IGR), formerly the Saskatchewan Indian Gaming Licensing, funds to support IGR's annual operating budget beginning in 2004. For 2005, the transfers are \$2,084,685 (2004 - \$2,084,476).

11. Liquor Sales

	2004 (000's)	2003 (000's)
Wine, coolers and spirits		
In stores:		
- To permittees	\$ 37,141	\$ 33,218
- To public	125,268	121,010
	<u>162,409</u>	<u>154,228</u>
To franchisees:		
- To permittees	5,601	5,363
- To public	17,705	18,506
	<u>23,306</u>	<u>23,869</u>
	<u>185,715</u>	<u>178,097</u>
Beer		
- To permittees	126,137	119,325
- In stores	59,104	52,109
- To franchisees	5,254	4,192
	<u>190,495</u>	<u>175,626</u>
Total	<u>\$ 376,210</u>	<u>\$ 353,723</u>

12. Fair Value

Due from General Revenue Fund, accounts receivable, accounts payable, payable to General Revenue Fund, and Goods and Services Tax payable are all short-term in nature and as such their fair value approximates carrying value.

The accrued pension liability is long-term in nature and there is no market for settling these pension obligations. Therefore, the determination of the fair value of the pension liability is not practicable.

13. 2004 Budget

These amounts represent the budget approved by Treasury Board.

14. Casino Operating Agreement with the Saskatchewan Indian Gaming Authority

On February 10, 1995, the Government of Saskatchewan made an agreement (Framework Agreement) with the Federation of Saskatchewan Indian Nations (FSIN), for the purpose of increasing economic and employment opportunities for Aboriginal peoples through casino development within the parameters of *The Criminal Code of Canada*.

On June 11, 2002, the Province and the FSIN signed the 2002 Framework Agreement replacing the 1995 Framework Agreement. The 2002 Framework Agreement has a term of 25 years. Similar to its predecessor, the 2002 Gaming Framework Agreement requires the Government to retain a portion of the net profits from slot machines in the GRF and distribute the remaining profits to the First Nations Trust, Community Initiatives Fund and the Community Development Corporations.

To implement the original 1995 Framework Agreement, the Authority and the Saskatchewan Indian Gaming Authority (SIGA) made agreements for casino operations and slot machine management. The casino operating agreement requires SIGA to pay the net profits from slot machines to the Authority. The slot machine management agreement ensures the Authority recovers at least the cost of slot machines, the related computer system, and interest over 5 years.

On June 11, 2002, the Authority and SIGA signed the 2002 Casino Operating Agreement, replacing the 1995 Casino Operating Agreement and amendments. The 2002 Casino Operating Agreement, a 25-year agreement, does not significantly alter the casino operating arrangements under the 1995 Casino Operating Agreement.

15. SIGA Other

Under the Casino Operating Agreement between SIGA and the Authority, SIGA is permitted to charge its losses from table games and ancillary operations as an expense of slot machine operations. Beginning in 2004, the Casino Operating Agreement requires SIGA to transfer to the Indigenous Gaming Regulators Inc. (IGR) funds to support IGR's annual operating budget upon direction from the Authority. During the year, SIGA charged the following losses as an expense of slot machine operations, and made the following transfer to IGR:

	2004 (000's)	2003 (000's)
Table games revenues	\$ 4,714	\$ 5,756
Table games expenses	5,401	6,792
Net losses from table games	<u>\$ 687</u>	<u>\$ 1,036</u>
Ancillary operations revenues	\$ 5,041	\$ 4,952
Ancillary operations expenses	7,017	6,694
Net losses from ancillary operations	<u>\$ 1,976</u>	<u>\$ 1,742</u>
Total losses expensed	\$ 2,663	\$ 2,778
IGR transfer	2,084	-
	<u>\$ 4,747</u>	<u>\$ 2,778</u>

16. Segmented Information

The Authority operates in four segments - liquor, VLT, slots in SIGA casinos, and other gaming.

The liquor segment reflects the retailing and licensing of beverage alcohol activities within the province.

The VLT segment reflects the operation of the VLT program under the authority of Section 207 of *The Criminal Code of Canada* and *The Alcohol and Gaming Regulation Act, 1997*.

The slots in SIGA casinos segment reflects the operations of slot machines in casinos run by SIGA (see Notes 14 and 15). During 2003-04, SIGA identified \$1.2M in errors related to GST calculations in previous years. SIGA corrected the errors retroactively and changed its prior year's financial statements to reflect these errors. As a result, SIGA's financial statements report a net income due to the Authority for the year ended March 31, 2004 at \$33.2M. The Authority has accounted for these errors in the year

ended March 31, 2004, and as a result, SIGA's net income is reported in these financial statements at \$32.0M.

The Other Gaming segment reflects the licensing and support of charitable and religious organizations that conduct and manage bingos, casinos, raffles and break-open ticket sales and the regulation and support of the horse racing industry. The Other Gaming segment also includes the breakopen vending machine program. The breakopen vending machine program consists of vending machines capable of dispensing lottery tickets that may have a stipulated prize hidden under a paper covering. On behalf of the Authority, the Western Gaming Systems Inc. managed the breakopen vending machine program including the manufacturing and distribution of lottery tickets and charged the Authority \$170,000 (2003-\$208,000) for their services for the year. The program had revenues net of prizes of \$1.0 million (2003-\$1.2 million) and expenses (including operating expenses and distributions to charities) of \$1.5 million (2003 - \$1.6 million) for the year. Included in Other Gaming segment is a \$0.5 million (2003 - \$0.4million) loss relating to the breakopen vending machine program.

The following table shows key amounts by segment.

	SEGMENTS					
	2004 (000'S)					2003 (000'S)
	LIQUOR	VLT	SLOTS IN SIGA CASINOS	OTHER GAMING	TOTAL	TOTAL
Revenues	\$ 376,210	\$ 266,107	\$ 90,941	\$ ---	\$ 733,258	\$ 658,147
Other Income	<u>2,599</u>	<u>117</u>	<u>---</u>	<u>1,449</u>	<u>4,165</u>	<u>3,568</u>
Total Revenues	<u>378,809</u>	<u>266,224</u>	<u>90,941</u>	<u>1,449</u>	<u>737,423</u>	<u>661,715</u>
Promotional Allowances	---	---	2,428	---	2,428	788
Direct Expenses	197,472	41,238	---	---	238,710	220,896
Operating expenses	<u>46,793</u>	<u>23,319</u>	<u>56,526</u>	<u>10,585</u>	<u>137,223</u>	<u>114,796</u>
Total Expenses	<u>244,265</u>	<u>64,557</u>	<u>58,954</u>	<u>10,585</u>	<u>378,361</u>	<u>336,480</u>
Net income (loss)	134,544	201,667	31,987	(9,136)	359,062	325,235
Retained earnings, beginning of year	---	---	72	---	72	3,516
Transfer to General Revenue Fund	<u>134,544</u>	<u>201,667</u>	<u>33,691</u>	<u>(9,136)</u>	<u>360,766</u>	<u>328,679</u>
Retained earnings, end of year	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ (1,632)</u>	<u>\$ ---</u>	<u>\$ (1,632)</u>	<u>\$ 72</u>
Property, plant and equipment purchases	<u>\$ 9,334</u>	<u>\$ 23,783</u>	<u>\$ 1,364</u>	<u>\$ ---</u>	<u>\$ 34,481</u>	<u>\$ 54,503</u>
Amortization	<u>\$ 3,863</u>	<u>\$ 12,856</u>	<u>\$ 2,492</u>	<u>\$ 1,921</u>	<u>\$ 21,132</u>	<u>\$ 7,183</u>

17. Related Parties

These financial statements include transactions with related parties. The Authority is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Authority is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the agreed upon rates and are settled on normal trade terms. These transactions are as follows:

<u>Category</u>	<u>2004</u> (000's)	<u>2003</u> (000's)
Salaries, wages, and benefits	\$ 5,189	\$ 4,533
Rent, utilities, and insurance	3,315	3,030
Customer service programs	226	424
Communications	409	372
Accounts payable and accrued liabilities	1,575	3,934

In addition, the Authority pays Saskatchewan Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

The Authority collected the following amounts for the Department of Finance:

	<u>2004</u> (000's)	<u>2003</u> (000's)
Container deposits on domestic beer sales	\$ 19,548	\$ 18,793
Liquor Consumption Tax	18,829	17,618
Container deposits on all wine, coolers, spirits and imported beer products	5,070	4,799

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

18. Contingencies

Since SIGA's date of GST registration (March 1, 1999), SIGA and the Authority have determined their respective GST obligations based on rulings from the Canada Revenue Agency (CRA). These rulings classify SIGA as a distributor in accordance with the provisions of the *Excise Tax Act* (ETA) and indicate that SIGA is providing a casino operating service to the Authority consistent with the *Games of Chance Regulations* under the ETA. SIGA has recently asked CRA to confirm its prior ruling. SIGA and the Authority cannot predict the outcome of this request. The outcome of this request could result in an additional GST liability ranging from \$0, should CRA confirm its previous ruling, up to \$18 million, should CRA amend its ruling. The Authority plans to account for the effect of changes, if any, in the year the CRA ruling is received.

As part of ongoing operations the Authority faces legal actions initiated by third parties and contract disputes. At year end there were actions outstanding against the Authority, which the ultimate outcome was not yet determinable. Settlements arising from the resolution of these actions will be accounted for in the year in which the settlements occur.

19. Western Canada Lottery Corporation

The Saskatchewan Video Lottery Division of the Western Canada Lottery Corporation (WCLC) operates the video lottery terminals and central computer system on behalf of the Authority. WCLC provides accounting, purchasing, cash disbursements, human resources, and technical services for the VLT program. WCLC also operates the slot machines and related computer system at the SIGA casinos for the Authority and the breakopen vending machines on behalf of the Authority. For the year ended March 31, 2004, WCLC charged the Authority \$10.9 million (2003 - \$11.5 million) to operate the VLT, slot machine program and the breakopen vending machines for the year.

20. Comparative Figures

Certain prior year balances have been reclassified to conform with the current year's financial statement presentation.

LIQUOR AND GAMING AUTHORITY
SCHEDULE OF OPERATING EXPENSES
For the Year Ended March 31

	VLT, Liquor & Other Gaming		Slots in SIGA Casino*		Total	
	<u>2004</u> (000's)	<u>2003</u> (000's)	<u>2004</u> (000's)	<u>2003</u> (000's)	<u>2004</u> (000's)	<u>2003</u> (000's)
Salaries, wages and benefits	\$ 35,546	\$ 32,981	\$ 24,530	\$ 22,997	\$ 60,076	\$ 55,978
Professional and contractual services	5,609	6,935	2,681	2,672	8,290	9,607
Rent, utilities and insurance	5,290	5,074	4,325	4,127	9,615	9,201
Advertising, printing, and promotion	63	105	7,489	7,121	7,552	7,226
Property, plant and equipment amortization	18,640	5,456	2,492	1,727	21,132	7,183
Operations and maintenance	1,303	2,007	4,323	3,503	5,626	5,510
Goods and Services Tax	4,019	2,779	3,313	2,031	7,332	4,810
Grants	2,553	2,550	---	---	2,553	2,550
Travel and business	1,277	1,297	612	800	1,889	2,097
Stationery and supplies	1,439	1,251	553	593	1,992	1,844
Communications	1,296	1,115	368	383	1,664	1,498
Information technology	1,145	1,286	---	---	1,145	1,286
Sundry	371	170	778	779	1,149	949
Debit/credit charges	980	711	---	---	980	711
Customer service programs	635	696	---	---	635	696
Service charges and interest	446	467	209	184	655	651
Honoraria and related expenses	85	94	106	127	191	221
Indigenous Gaming Regulators	---	---	2,084	---	2,084	---
SIGA table and ancillary operation losses	---	---	2,663	2,778	2,663	2,778
	<u>\$ 80,697</u>	<u>\$ 64,974</u>	<u>\$ 56,526</u>	<u>\$ 49,822</u>	<u>\$ 137,223</u>	<u>\$ 114,796</u>

* Represents operating costs of SIGA Casinos.

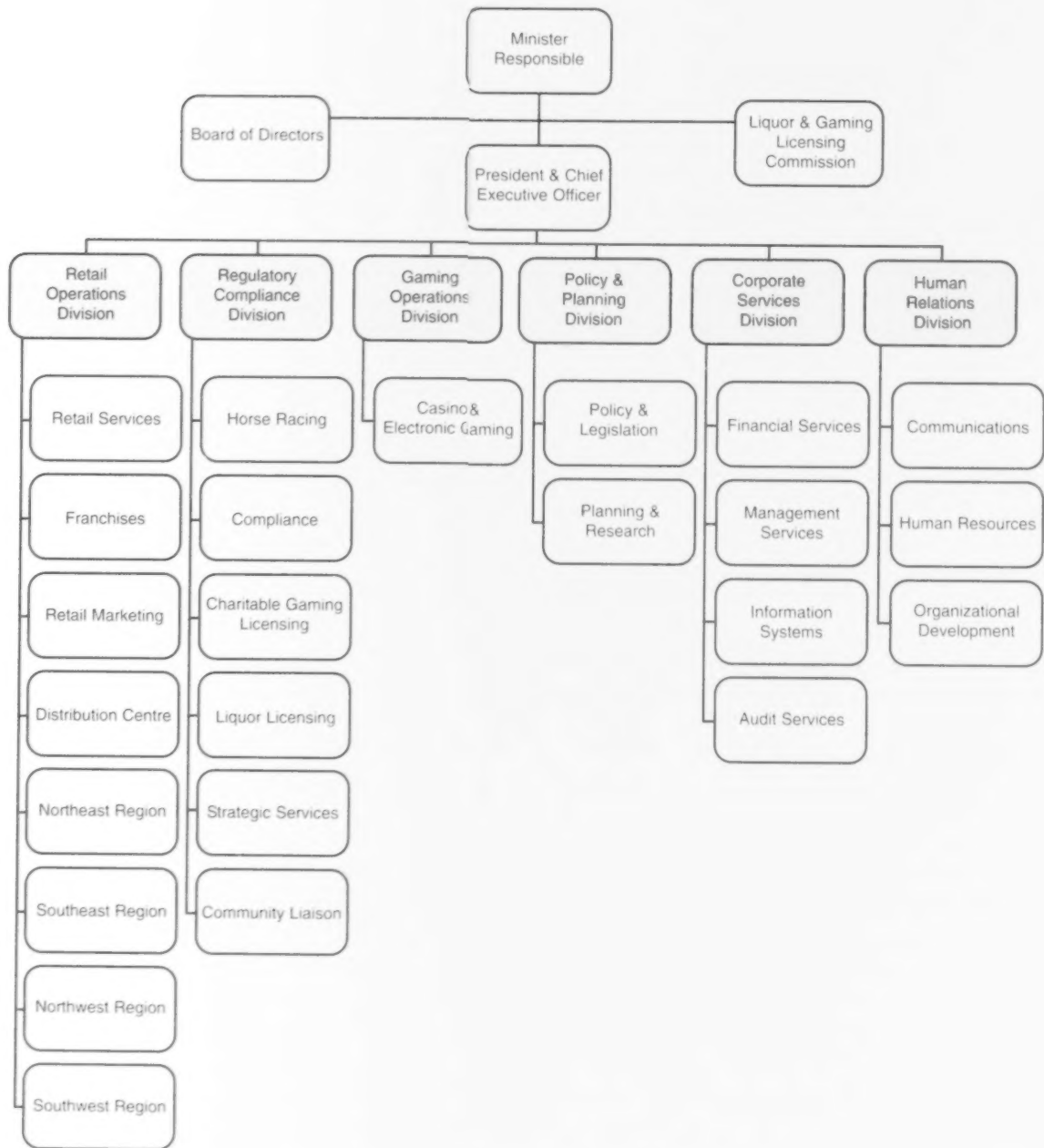
Where To Obtain Additional Information

If you have any questions or comments about SLGA's Annual Report, or if you have specific questions about the programs and services provided by SLGA, please contact:

Saskatchewan Liquor and Gaming Authority
P.O. Box 5054
2500 Victoria Avenue
Regina, SK, S4P 3M3
www.slga.gov.sk.ca
(306)787-4214

Appendix A

SLGA Organizational Chart



Appendix B

Summary of SLGA's Partners and Stakeholders

Association of Canadian Distillers. The Association of Canadian Distillers (ACD) is the national trade association of Canadian manufacturers and marketers of distilled spirit products including Canadian whisky, rum, vodka, gin, liqueurs and coolers.

Brewers Association of Canada (BAC). The Association represents the major breweries, as well as several microbreweries.

Canadian Restaurant and Foodservices Association (CRFA) (Saskatchewan Division). The CRFA has approximately 600 members in Saskatchewan including both licensed and non-licensed establishments.

Canadian Vintners Association. This is a national association dedicated to the promotion and well being of Canada's wine sector.

Charity Associations and Individual Charities. Charity associations and individual charities are the traditional beneficiaries of the gaming industry.

Federation of Saskatchewan Indian Nations (FSIN). The FSIN represents Saskatchewan's 74 First Nations. SLGA continues to work with the FSIN to implement the terms of the Gaming Framework Agreement.

First Nations University of Canada (FNUC). SLGA partners with FNUC on a number of important research and educational issues, including the development of a university program in gaming administration and casino management.

Horse Racing Industry. This interest group is comprised of a number of racing associations and organizations that host horse racing events including the Saskatchewan First Nations Racing Association, Saskatchewan Speed Horse Association, Saskatchewan Standardbred Horsemen's Association, Horsemen's Benevolent and Protective Association of Saskatchewan and the Canadian Thoroughbred Horse Society.

Hotels Association of Saskatchewan (HAS). Established in 1932, approximately 475 hotels and motels belong to HAS. They represent both hotel owners and operators in urban areas and rural communities.

Indigenous Gaming Regulators (IGR). IGR (formerly Saskatchewan Indian Gaming Licensing Inc.) is building capacity to perform regulatory and licensing functions for First Nations gaming.

Non-Profit Clubs. This interest group consists of ethnic associations, service clubs, veteran organizations and sporting clubs (including golf and curling) that have a permanent facility/clubhouse and a special use permit (as opposed to those groups who use special occasion permits and may or may not have a permanent location).

Saskatchewan Government and General Employees Union (SGEU). Ninety per cent of SLGA employees are unionized.

Saskatchewan Indian Gaming Authority (SIGA). SIGA operates the province's four First Nations casinos on behalf of the FSIN.

Saskatchewan Liquor Vendors Association (SLVA). SLVA represents all of the franchises in rural Saskatchewan.

Saskatchewan Wine and Spirits Association (SWSA). SWSA is a provincial association dedicated to the promotion of wine and spirits within the provincial liquor industry.

Western Canada Lottery Corporation (WCLC). WCLC is a non-profit organization authorized to manage, conduct and operate lottery and gaming-related activities as agent for SLGA.

Western Gaming Systems Inc. Western Gaming Systems Inc. is Saskatchewan's primary source for breakopen gaming supplies.

Appendix C

Volume of Sales - Five Year History

Financial performance, Month 31

Sales (2000s of \$)



Yrly and Cmo's (2000s of \$)



Sales (2000s of \$)



Yrly and Cmo's (2000s of \$)

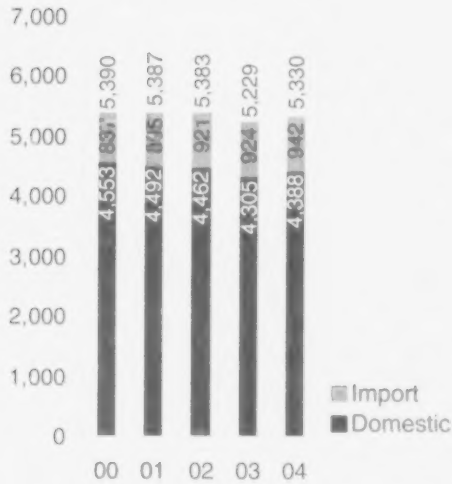


Appendix C

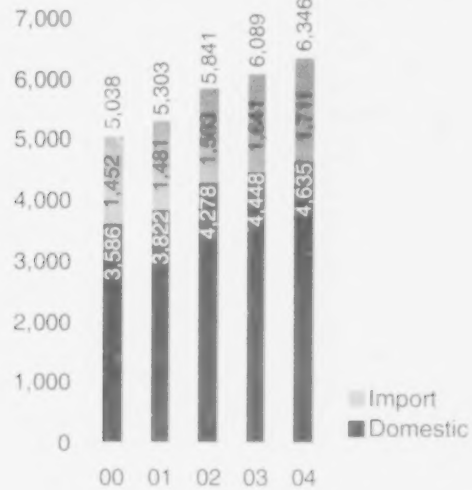
Volume of Sales - Five Year History

Financial years ending March 31

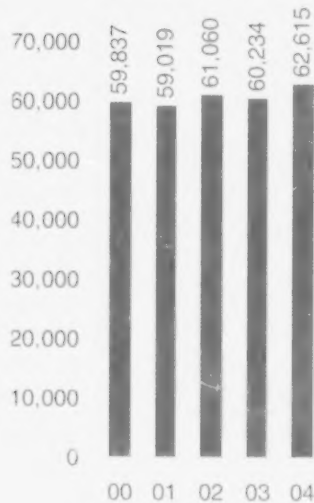
Spirits (000s of litres)



Wine and Coolers (000s of litres)



Beer (000s of litres)



Absolute Alcohol (000s of litres)



Appendix D

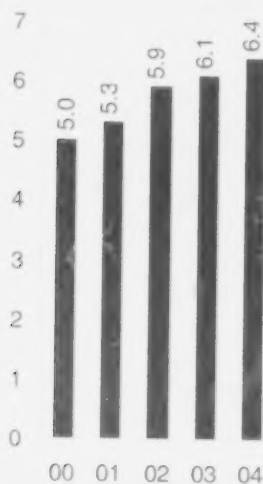
Per Capita Sales - Five Year History

Financial years ending March 31

Spirits (litres)



Wine and coolers (litres)



Beer (litres)



Absolute Alcohol (litres)



Appendix E

Saskatchewan Liquor and Gaming Licensing Commission

The Saskatchewan Liquor and Gaming Licensing Commission is an independent body which reviews decisions of SLGA with respect to licensing, registration, cancellation and suspension issues. The Commission's primary role is serving as an independent and fair quasi-judicial appellate body mandated to ensure proper application of the legislation and regulations governing the industries over which it has jurisdiction, while ensuring the fairness and integrity of those industries. Any licensing party who disagrees with a decision of SLGA has the right to apply to the Commission for a review. Except in unusual circumstances, the SLGA's decision is stayed by the Commission.

During 2003-04, the Commission scheduled 35 hearings to address the same number of requests for review of various decisions made by SLGA and to hear objections by the public. In order to accommodate the public, hearings are scheduled whenever possible at the nearest major centre in the province to the cause of action. Twelve hearings were held in Regina and 23 hearings were held in Saskatoon during the past year.

The applications have included reviews of SLGA's decisions to grant and to refuse liquor permits and gaming licenses to various establishments, organizations and the horse racing industry. As well, the Commission hears registration, cancellation, and suspension issues, in addition to objections by the public to the granting of permits. The Commission may decline to hear objections to liquor applications that are competition based or frivolous or vexatious.

Of the 35 hearings held, 15 were liquor related, comprised of two objection hearings, eight assessment of penalty/suspension hearings, three permit extensions and two denials of permits. Fourteen hearings involved denials and

suspensions of gaming employee registration certificates, bingo/breakopen licences and raffle licenses. These 14 hearings were comprised of three denial hearings (bingo and breakopen licences), one denial hearing (raffle licence) and 10 hearings regarding denials and suspensions of gaming registration certificates. There were six hearings held with respect to horse racing, involving violations of various horse racing rules, including penalty/suspensions and disqualifications. The Commission provides written decisions of all matters it hears. These written decisions are maintained in the offices of the Commission Registrar and available to the public.

Commission members as of March 31, 2004:

Colleen L. Wilson, LL.B. - Chairperson - Saskatoon
Allan Oliver - Vice-Chairperson - Aneroid
Elaine Driver - Member - Fillmore
Gilbert Pelletier - Member - Yorkton
William Nelson - Member - Regina
Jean MacKay - Member - Regina
Darcia G. Schirr, LL.B. - Member - Regina

The Commission also has a full-time Registrar/Executive Secretary and one casual support staff.

Since 1997, the Commission has initiated procedural changes and is constantly developing its own policies to continue to ensure equitable treatment of all parties appearing before it. The Commission also makes written recommendations to SLGA regarding any significant regulatory issues that come to its attention through contact with the industries within its jurisdiction. It also continues to stay up-to-date in the changing environment of administrative law and the industries it regulates through its own research.

Appendix F

2003-04 At a Glance

Net income	\$359.1 million
Net liquor income	\$134.5 million
Net gaming income	\$224.6 million
Number of SLGA employees	890
Number of liquor outlets	755
Number of liquor franchises	189
Number of off-sale outlets	485
Number of SLGA liquor stores	81
Saskatchewan communities with SLGA stores	64
Liquor products listed by SLGA	2,150
Number of commercial liquor permittees	1,746
Number of special occasion permits issued	17,751
Total gross liquor sales	\$376.2 million
Number of casinos	7
Number of casino slot machines	1,990
Number of VLTs	3,995
Saskatchewan communities with VLTs	326
VLT net income	\$201.7 million
Commission to VLT site contractors	\$41.2 million
Total gross bingo sales	\$110.4 million
Total gross raffle sales	\$21.4 million
Total gross breakopen sales	\$22.3 million
Total charity share of bingo, raffle and breakopen sales	\$34.4 million
Number of bingo halls	27
Total number of bingo, raffle and breakopen licences	3,915
Number of horse racing dates	58
Total provincial handle (all wagers made at and away from track)	\$11.2 million
Total horse racing grants	\$1.45 million
Number of liquor and gaming inspections	4,300
Number of liquor and gaming investigations	3,093
Number of liquor sanctions	180
Number of registered gaming suppliers	86
Number of registered gaming employees	2,550



Saskatchewan Liquor and Gaming Authority

Supplementary Financial Information

2003-04

**Saskatchewan
Liquor and Gaming
Authority**

**SUPPLEMENTARY
FINANCIAL
INFORMATION**

FISCAL YEAR ENDING MARCH 31, 2004

(Unaudited)

Saskatchewan Liquor and Gaming Authority

Supplementary Financial Information

2003 - 04

Personal Services

Listed are individuals for whom \$50,000 or more of payments were recorded for salaries, wages, secondments, honorariums, etc.

Adams, Christopher	69,473
Adams, Fiona	76,014
Babichuk, Larry	58,903
Baird, Darrell	85,279
Banilevic, Val	72,427
Barber, Al	81,305
Beblow, Jolene	86,397
Benedict, Glen	71,051
Bidochka, Pat	52,548
Bilkhu, Bina	62,582
Briscoe, Michelle	65,794
Brown, Lorne	90,060
Bryksa, Nelson	71,062
Burrows, Jamie	73,083
Burrows, Kelly	87,317
Busby, Al	59,243
Cantin, Ken	53,981
Chatwell, Michael	73,767
Choma, Stephanie	75,623
Claypool, Leary	66,535
Cooke, Neil	61,670
Cribb, Fiona	81,305
Danbrook, Spencer	51,227
Deminchuk, Brenda	72,740
Engel, James	100,038
Ferguson, Ronald	52,416
Fichter, Leah	52,854
Folk, Don	60,690
Frankowski, Gwen	76,005
Giannetta, Tony	61,305
Gould, Jack	58,898
Hanson, Cheryl	112,482

(unaudited)

Saskatchewan Liquor and Gaming Authority

Supplementary Financial Information

2003 - 04

Harder, Wanda	56,292
Harker, Brad	64,246
Hart, Dana	65,629
Hay, John	51,202
Hedley, Grant	63,693
Hildebrandt, Barbara	52,007
Hopper, Jack	56,430
Hubelit, Darrell	65,780
Ironside, Dennis	54,837
Janvier, Jonas	51,162
Keel, Gloria	53,642
Keith, Brian	65,403
Kilbride, Joel	62,197
King, Reg	75,455
Kirkness, Kevin	57,550
Kraemer, Darrin	57,217
Krajewski, Derry	58,898
Kress, Isabel	60,853
Kulyk, Jason	53,499
Kunkel, Wayne	87,363
Kwong, John	56,308
Lacey, Barry	102,148
LaPlante, Ted	61,490
Lekivetz, Cal	71,052
Lewis, Ross	73,767
Lovell, Melanie	77,827
Lutes, Wendy	56,283
Markewich, Dale	112,058
Marr, Bill	87,037
Mazer, Wes	80,980
McAllister, Shirley	51,261
McNally, Rick	71,052
McRobb, Don	75,720
Messer-Lepage, Jacqueline	88,408
Mildenberger, Greg	65,780
Morgan, Dianne	65,776
Morgan, Sandra	136,610

(unaudited)

Saskatchewan Liquor and Gaming Authority

Supplementary Financial Information

2003 - 04

Musqua, Delphine	50,963
Nelson, Bonnie	66,198
Newell, Al	53,981
Nystrom, Doug	53,981
Okerstrom, Ryan	53,615
Pangracs, Rod	87,037
Pawluk, Ron	58,898
Penno, Judy	60,302
Perrot, Anita	50,086
Peters, Dave	81,315
Poole, Brian	80,192
Rafter, Faye	109,329
Rousseaux, Gerard	50,317
Sawatzky, Tracy	81,047
Schatz, Brian	75,505
Schindel, Doug	54,590
Schneider, Jason	58,711
Schoffer, Janet	78,295
Schumann, Derek	56,333
Selinger, Jim	59,011
Shirley, Randall	53,414
Skaalrud, Lynnette	60,414
Slind, Blair	58,898
Snell, Nancy	56,341
St. Denis, Lisa	55,938
Stevenson, Chris	56,761
Swan, Sam	71,034
Toth, Ron	71,763
Triffo, Ken	56,903
Venn, Gwen	50,744
Vircavs, Richard	57,015
Weber, Paul	110,382
Welch, Dave	62,009
Wirth, Lauren	54,394
Wlodarczyk, John	54,590
Woitak, Mike	56,505
Wood, Lisa Ann	100,335
Wurm, Dean	55,185

(unaudited)

Saskatchewan Liquor and Gaming Authority

Supplementary Financial Information

2003-04

TRAVEL

Osika, Hon. Ron.....	665
Cline, Hon. Eric.....	2,027
Other Travel.....	1,274,281
Total Travel	<u>\$1,276,973</u>

(Unaudited)

Saskatchewan Liquor and Gaming Authority

Supplementary Financial Information

2003-04

GRANTS IN LIEU OF TAXES

Listed are cities and towns for whom \$5,000 or more of grants in lieu of taxes were recorded.

City of:

Estevan.....	7,338
Humboldt.....	11,666
Lloydminster.....	7,241
Melville.....	6,509
Moose Jaw.....	5,194
North Battleford.....	24,414
Prince Albert.....	36,066
Regina.....	214,074
Saskatoon.....	21,302
Swift Current.....	13,921
Yorkton.....	19,852

Total City Taxes.....	367,577
------------------------------	----------------

Town of:

Carlyle.....	5,184
Creighton.....	9,042
Esterhazy.....	6,235
Fort Qu'Appelle.....	7,532
Kamsack.....	6,008
Kindersley.....	7,422
Maple Creek.....	5,334
Meadow Lake.....	23,221
Moosomin.....	6,636
Nipawin.....	8,435
Ponteix.....	5,065
Rosetown.....	7,922
Shaunavon.....	8,842
Shellbrook.....	14,894

(Unaudited)

Saskatchewan Liquor and Gaming Authority

Supplementary Financial Information

2003-04

Tisdale.....	6,971
Wadena.....	5,678
Wynyard.....	6,552
Total Town Taxes.....	140,973
Taxes under \$5,000.....	70,946
Total Cities and Towns.....	579,496
*Landlord Total.....	<u>522,078</u>
Total all Taxes.....	<u>\$1,101,574</u>

*Represents the amount of identifiable property taxes paid for as part of
SLGA's building lease payments.

(Unaudited)

Saskatchewan Liquor and Gaming Authority

Supplementary Financial Information

2003 - 04

Listed are suppliers for whom \$50,000 or more of payments were recorded for the provision of goods and services including office supplies, advertising, contracts and equipment, etc. but not including alcoholic products.

Aizer Contracting Inc.	130,919
Aon Reed Stenhouse	124,781
Arcon Services Ltd	61,966
Arnold Dobroskay Architect Inc.	64,822
Bally Gaming	79,881
Beever's Electric	79,702
Bell Canada	149,338
Canadian Pacific Limited	130,530
Carmont Construction Ltd.	152,138
CCR Construction Ltd.	196,092
City of Saskatoon.	83,497
City of Yorkton.	251,741
Comprehensive Computer Consulting Corp.	197,417
Consolidated Fastfrate Inc.	173,267
Daringer Transport Ltd.	65,376
Dodge City Auto Ltd.	278,624
EDS Canada Inc.	1,282,149
Electronic Environments Ltd.	69,235
F.P.R. Developments Ltd.	229,613
First Nations University of Canada Inc.	130,747
Gene's Ltd	259,542
Geo H. Young & Co. Ltd.	684,266
Gers Inc.	335,613
Giorgio Gori SRL	57,784
Grand & Toy	66,718
Grassroots Studio	82,361
Greystone Investments Ltd.	92,146
Gtech Corporation	2,681,755
Harvard Property Management	245,017
Harvard Property Management Inc.	129,901
Hawood Inn	66,884
Hi-Tech Gaming Ltd.	1,093,203

(unaudited)

Saskatchewan Liquor and Gaming Authority

Supplementary Financial Information

2003 - 04

ICR Ashford Property Mgmt.	295,709
Imperial Parking	55,081
International Gaming Technology	622,841
J.F. Hillebrand	323,565
Jays Moving & Storage Ltd.	402,048
JLL Holding Co.	100,996
Kaos Solutions	83,755
Kindersley Transport Ltd.	666,696
Leeville Construction Ltd.	744,077
Linka Cleveland Law Offices	156,545
Logan Stevens Construction (2000) Ltd.	1,480,730
Melville & District Agri-Park Assoc. Inc.	183,000
Microsoft Licensing, GP	97,334
Minister of Finance	172,195
Mobile Crisis Services Inc.	73,777
MSR Customs Software, Systems, Solutions	109,368
National Fast Freight	138,454
National Refrigeration Heating	515,772
NCR Canada Ltd.	1,197,725
NEX Innovations	635,799
Northern Enterprise Fund Inc.	66,079
OCR Concepts Canada Ltd.	56,513
P.S.P. Holdings	93,437
Paradigm Consulting Group	2,422,761
Pensionfund Realty Limited	199,587
PeopleSoft Canada	145,878
Pettick Phillips Partners Architects Ltd.	165,906
Prairieland Exhibition Company	228,399
Prince Albert Mobile Crisis Unit	76,580
Quill Transport	97,706
Regency Gaming Inc.	531,918
Regina Travelodge Joint Venture	53,839
Ridsdale Transport Ltd.	310,828
Riocan Real Estate Investment	74,461
Riocan Property Services	321,537
Rocom Management Ltd.	253,323
RSB Logistic	287,276

(unaudited)

Saskatchewan Liquor and Gaming Authority

Supplementary Financial Information

2003 - 04

Sask Energy	341,162
Sask Property Management Corp.	2,474,150
Saskatchewan Responsible Gaming Assoc.	76,000
Saskatoon Crisis Intervention Service	75,278
Saskatoon Prairieland Park	992,060
Sask Power Corporation	499,526
SaskTel CMR	402,414
Securicor Cash Services	130,055
Spielo Manufacturing Inc.	8,998,181
T & T Properties	203,681
T.S Surelock Security Ltd.	52,636
The Cadillac Fairview Corp. Ltd.	98,273
TMC Technology Mgmt. Corp.	308,596
Towers Ltd.	90,351
Tri-Colour Graphics	50,287
Trottier Custom Homes & Renovation	200,016
Unisource Canada Inc.	181,558
Victory Construction Ltd.	77,723
Vitran	1,269,102
VLC Inc.	11,568,907
Walker Pojects Inc.	97,037
WBM Office Systems	136,578
Yorkton Exhibition Association	121,263

(unaudited)